THE COMMERCIAL ENGLISH SERIES

PART II

MARKET REPORTS

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PREFACE

Candidates preparing for the Intermediate Examination in Commerce of the U. P. and Rajputana Intermediate Boards and the B. Com. Examination of the Agra University are required to study " Market Reports " for their Commercial English, but as far as the authors are aware there is at present no text-book which could assist the students in this subject. The authors, who have both taught this subject for a number of years, find that in the absence of a suitable book on market reports, a considerable part of teaching is practically lost on the students.

This simple book—which is the second part of the Series, the first part being on Precis-Writing—is therefore intended mainly for students reading for the above-mentioned examinations. It may also prove of some help to others who desire to read and understand the various market reports which appear daily in the leading newspapers of the country.

The subject of market reports has been divided into three sections, *viz.* (1) money and exchange, (2) stocks and shares, and (3) commodities. In each section there are four chapters :—the first giving a short description of the particular market, the second containing explanation of technical terms and phrases usually met with in market reports, the third consisting of a number of specimen reports for study ; and the fourth comprising exercises to be done by

students for practice. Difficult passages occurring in the specimen reports have been printed in italics and briefly explained at the end of each report, so that the students may be able to understand them.

The authors are gratefully indebted to the Editors of the *Pioneer*, the *Statesman*, the *Times of India* and the *Commerce* for their very kindly permitting them to incorporate in this book extracts from market reports which have appeared from time to time in their papers.

3rd February, 1930. → K. L. G.
R. R. G.

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THE MONEY AND EXCHANGE MARKETS

CHAPTER I

INTRODUCTION

THE MONEY MARKET IN INDIA.

The Industrial Revolution of the last quarter of the eighteenth century has changed the characteristic features of commerce, industry and banking. The principle of 'division of labour' is applied not only in trade, but also in the processes of manufactures; and under scientific management we have what is called "functional foremanship." On the one hand we have the minutest division of labour, and, on the other, by means of exchange all these activities are co-ordinated and made to produce homogeneous results Production has spread over a large area; a great gulf is created between the producer and the consumer; huge capital is necessitated in promoting a concern, and intelligence, venture and organising capacity of the highest order are brought into play The markets have become of international character, especially in staple products and gilt-edged securities, and a large army of intermediaries and middlemen is employed in bringing the producer and the consumer together.

All this needs credit. Modern commerce, so to say, is built upon the credit superstructure The manufacturer accommodates the wholesaler, the wholesaler the retailer and the retailer the ultimate consumer. The task is facilitated by drawing bills or hundis and discounting them with banks, thus getting ready money on payment of the

market-rate of interest. It is here that we need a well-organised money market. This institution has always stood in a great stead in the economic history of the world, but at the present day its machinery and technique have become too complex to the ordinary reader and its services indispensable to modern commerce.

The money market of a country refers to the various institutions and parties lending and borrowing money for short periods—usually not more than twelve months. In the money market, like other markets, there is competition between the borrowers on the one hand and the lenders on the other, and the commodity dealt in is money. The borrowers may be described as the purchasers, and the lenders as the sellers, of *the use of money* The price at which this use sells is *the rate of interest.* The floating or loanable funds of the money market *i. e.*, money seeking short-period investment) are derived from the various commercial banks, who in their turn obtain them from the public in the form of deposits. The demand for money comes mainly from industry and trade and also from Government who constantly borrow to finance their operations

The rate of interest or the price of the use of money is governed by the demand for and the supply of liquid funds seeking investment A larger supply relatively to demand at any particular time brings the rate down, and a smaller supply relatively to demand pushes it up. When the rate of interest is higher than usual the money market is said to be *tight* and the money to be *dear.* But when this rate is lower than usual the money market is said to be *easy* and the money *cheap* It may be noted here that a rise or fall in the rate of interest for loans must cause corresponding rise or fall in deposit rates, that is, the rates paid by banks on deposits, especially fixed deposits,

as current deposits as a rule carry no interest. The following are the various rates for money which prevail in the money market :—

The Bank Rate or Official Rate is the minimum rate fixed weekly by the Managing Governors of the Imperial Bank of India, at which it ordinarily advances money against government securities, or rediscounts first-class three months' bills.

The Discount Rate is the rate of interest charged by banks for discounting bills of exchange *The Hundi Rate* is the rate charged by indigenous bankers for discounting hundis of traders Both the discount rate and the hundi rate are usually higher than the Bank Rate.

The Loan Rate is charged by banks for granting loans for shorter periods

The Call Rate is charged on loans which are repayable at call or short notice It is always the lowest because such loans afford the lenders the greatest security as well as ease of getting back the money whenever required.

The Deposit Rates are rates of interest allowed by banks on fixed deposits lodged with them for various periods They are usually lower than the discount rate, the difference being bankers' profit.

Constituents of Money Market.—The money market in India, includes the Imperial Bank of India, the foreign exchange banks, the joint stock banks run on European lines, the indigenous bankers, known by different names, such as shroffs, sahukars mahajans, chetties, marwaris, etc.

The Imperial Bank of India.—This is a semi-government institution and is the biggest joint stock bank in the country, being governed by a separate Act of its own. It is the principal constituent of the Indian money market, because it regulates the market's lending and borrowing operations to an appreciable extent In addition to the deposits of the public, it has the use of the Government balances and acts as the Government's banker. Under the

Paper Currency Act it is empowered to borrow from the Paper Currency Reserve against commercial bills up to twelve crores of rupees. There are on the other hand certain restrictions on the powers of the bank to deal in foreign exchange or to borrow money outside India.

The Governors of the Bank issue each week a statement setting forth the assets and liabilities of the bank and showing the percentage of its cash resources to outside liabilities A copy of this statement is appended below. A departure has very recently been made in the form of this statement in that the bank's advances to Government on 'Ways and Means Account' are now disclosed separately from the item 'Loans' The cash balances of the bank and the percentage thereof to liabilities reflect the position of the money market An increase in this percentage means plenty of floating funds in the market and a diminution suggests stringent money conditions Other banks as well as merchants watch the publication of this statement with great interest, because it gives them an indication of the movements of money rates.

IMPERIAL BANK OF INDIA.

Statement of its Affairs on the 27th September, 1929.

	Rs		Rs.
1. Subscribed Capital	11,25,00,000	10. Goverment Securities ...	29,81,64,000
2. Capital paid-up...	5,62,50,000	11 Other authorized securities under the Act ...	2,95,36,000
3. Reserve ...	5,27,50,000		
4. Public Deposits...	20.04 27,000		
5 Other Deposits ..	69,64,39,000		
6 Loans against securities per *contra* ..	...	12 Ways and Means Advances to the Govt of India ...	...
7 Loans from the Government of India under section 20 of the Paper Currency Act, against inland bills discounted and purchased per *contra* ...	...	13 Loans ..	8 50,48,000
		14 Cash Credits ..	22,99,33,000
		15 Inland Bills discounted and purchased	3,16,42,000
		16 Foreign Bills discounted and purchased ...	31,16,000
8. Contingent Liabilities ...	...	17 Bullion ...	
9. Sundries ..	1 38,29,000	18 Dead Stock ...	2,83,80,000
		19 Liability of constituents for contingent liabilities per *contra* ...	...
		20 Sundries ...	46,91,000
		21 Balances with other banks	9,53,000
			71,14,63,000
		22 Cash ...	30,82,32,000
Rs	101,96,95,000	Rs	101,96,95,000

23. Percentage 33 84
Bank Rate 5 per cent.

1. This consists of 2,25,000 shares of Rs 500 each.

2. The amount paid up by the shareholders is as follows :—75,000 shares are fully paid ; and on 1,50,000 shares only Rs 125 per share has been realised, the balance of Rs 375 per share (or Rs 5,62,50,000) being reserve capital The partly paid shares are known on the stock exchange as 'Contributories'

3. The amount set aside from previous years' profits for the purpose of strengthening the financial position of the Bank.

4. The Government balances kept at the Bank.

5 The monies deposited with the Bank on current, fixed or savings bank accounts by the public and other banks The deposits of different classes are not shown separately.

6. Sums borrowed by the Bank on the security of Investments which appear on the assets side

7. Emergency loans taken by the Bank from the Government of India under the provisions of the Paper Currency Act during the busy season for the purpose of relieving to a certain extent the stringent money conditions.

8. Liability of the Bank as surety in connection with acceptances and indorsements of bills of exchange on behalf of its customers, who appear as debtors on the other side.

9. Other liabilities such as Pension Fund, etc.

10. Bank's investments in Government securities.

11. Bank's investments in other authorised securities, which may be —(*a*) Stocks in which a Trustee is authorised to invest trust monies ; (*b*) Securities issued by State aided railways ; (*c*) Debentures issued by a District Board.

12 Temporary loans given to the Government of India.

13. Monies lent on security to the public and other banks.

14. Loans granted to customers on security. A cash credit is an agreement made by a banker, whereby the borrowers are permitted to draw money from the bank in sums as they may from time to time require up to a certain fixed amount, interest being charged upon each sum from the day on which it is withdrawn.

15. Bills payable in India purchased and discounted by the Bank.

16. Bills payable outside India purchased and discounted by the Bank.

17. Gold and silver bullion purchased by the Bank.

18. Buildings and Furniture owned by the Bank.

19. This refers to the acceptances and indorsements of bills given by the Bank on behalf of its customers, who thereby become liable to pay to the Bank the necessary amount, in case they fail to pay their bills on the due date, because in that event the Bank will have to pay them.

20. Other assets not specified separately.

21. Monies deposited with other banks.

22. Cash held at the various offices of the Bank.

23 This is the proportion of 'Cash' (Rs 30,82,32,000) to outside liabilities of the Bank (Nos. 4 to 9—Rs 91,06,95,000)

The Exchange Banks.—These are branches of foreign banks, whose head offices are in England, the Continent, Japan or the U S A. The principal exchange banks in India are :—P & O Banking Corporation, Ltd. ; National Bank of India, Ltd ; Mercantile Bank of India, Ltd. ; Chartered Bank of India, Australia and China, Ltd. ; Hongkong and Shanghai Banking Corporation, Ltd. ; Eastern Bank, Ltd.; Comptoir National D'Escompte de Paris; Netherlands Trading Society; Netherlands India Commercial Bank ; Yokohama Specie Bank, Ltd. ; National City Bank of New York ; International Banking Corporation ; Lloyds Bank, Ltd. The last-named is one of the English "Big Five" which has recently entered the banking field in India.

These banks conduct the ordinary banking business, but their main attention is confined to the financing of the foreign trade of this country. They purchase and discount export bills of exchange and undertake the collection of import bills on maturity. The export bills purchased or discounted in India are usually rediscounted in the London

money market in order to replenish their resources. But the recently started practice of Government purchase of sterling in India (in place of the Secretary of State for India selling council bills in London) for the purpose of putting the Secretary of State in funds enables the exchange banks to a certain extent to obtain funds in India itself without having recourse to the London money market. It is however advantageous to rediscount the export bills in London where the rate of interest is generally lower. The money required to purchase export bills is thus obtained by means of sale of sterling to Government or to importers or others who have to remit money to England, by collection of import bills on maturity and by the importation of gold and silver bullion and sovereigns

Indian Joint Stock Banks—These banks are run on European lines and their management is mostly in the hands of Indians. Most of them are small institutions and the management of many unfortunately leaves much to be desired Their main function is to finance the internal trade of the country. Their resources, however, are not adequate to be of any great help to the money market. The bank failures of 1913-14 were a great set-back to the development of this class of banking in India, which is, however slowly recovering from this great shock; and there are now some Indian joint stock banks which are very well managed and which are doing a very useful service to the country People are also getting alive to the need of a healthy development of Indian joint stock banking and in the future we may have more good banks of this class, which will undertake the financing of our foreign trade, which at present depends largely on foreign capital

The Indigenous Bankers.—They play an important part in the financial system of the country, because they act as necessary middlemen between the money market and the

vast trading community. They finance the agriculturists, small traders and industrialists. The internal trade of the country is mostly in their hands. Their transactions are settled by means of hundis The small banker discounts his hundis with a city shroff, who rediscounts them with the Imperial Bank of India or with any of the joint stock banks The shroff gets the middleman's profit for the accommodation in the form of difference in the rates of discounting. During the busy season when money is dear the rate of discount is very high Marwaris, Banias and chetties are the principal castes that do indigenous banking. They are unorganised, but command hereditary knowledge of their business. They do not as a rule carry on the business of banking alone, but add shopkeeping and dealing in grain as their side business.

Instability of Indian Money Market.—The outstanding feature of the Indian money market is the wide fluctuations in the money rates from one period to another during the year. These rates are exceptionally high during the busy season from November to June, when money is needed for moving the crops such as jute, cotton, wheat and oilseeds, from upcountry to the ports, and also for marriage ceremonies, etc., which usually fall in this period From July to October, however, money begins to return to the financial centres in payment for bullion and other commodities and the money market is well supplied with funds, which sometimes become almost unlendable even at 2 per cent per annum Thus the money rates vary according to the demand for money which is determined by the nature of the harvests and the prices ruling for our staple products intended for export.

During the greater part of the year the normal rate of interest in India is much too high and this fact hinders industry and trade. Besides the seasonal stringency there are however other factors too which lead to the

scarcity of loanable funds in the Indian money market. These are :—(1) *The Government* monopoly of note-issue and its divorce from banking makes the currency incapable of automatic expansion and contraction according to the needs of the market. A small element of elasticity has recently been added to the currency system by the provision in the Paper Currency Act for the issue to the Imperial Bank of India of emergency currency up to twelve crores of rupees against inland bills of exchange. But this amount is not adequate to relieve the stringency of money during the busy season (2) The lack of a widespread banking system prevents the creation of credit during the period of tight money conditions (3) Since the War Government has raised enormous loans (both long-term and short-term) to finance its operations and also for the purpose of supporting the rupee exchange, and thus denuded the market of a good deal of surplus funds. (4) The Government's exchange policy, *viz.*, its undertaking to maintain rupee exchange at 1/6 has led to drastic contraction and deflation of currency during recent years. (5) Accumulation of capital is very small in India owing to the poverty of the people and their habits of hoarding their small savings for want of adequate and safe banking facilities

It may also be mentioned in this connection that the pitch of money rates during the busy season has been eased somewhat since 1920 by (*a*) the abolition of Government's reserve treasuries and the consequent transfer of Government balances to the Imperial Bank of India ; (*b*) the provision for the issue of emergency currency to the Imperial Bank of India against inland trade bills ; (*c*) Government's purchase of sterling in India for remittance to the Secretary of State for India instead of the sale of council bills in London ; (*d*) facilities for cheap inland remittance given by the Imperial Bank ; and (*e*) the

opening of a large number of branches by the Imperial Bank and one or two other joint stock banks.

THE EXCHANGE MARKET.

The system of currency in vogue in this country is what is known as the "Gold Exchange Standard" The rupee rate of exchange in terms of sterling is not allowed to have its own course according to the actual economic conditions, but it is artificially controlled by Government. By the Currency Act of 1927 the rupee rate has been fixed at one shilling and sixpence and the Government is bound to take steps to maintain it within the upper and lower gold points. If owing to an unusually favourable trade balance the rate of exchange tends to rise above the upper gold point, the Government enters the exchange market as purchasers of sterling (beyond the amount actually required for the Secretary of State for India's requirements) and thus brings the rate down. On the other hand if the rate begins to sag below the lower gold point, the Government employs two remedies to raise it up :—(*i*) It makes money stringent either by contraction of currency or by heavy borrowing in the money market by means of treasury bills ; (*ii*) It may start sale of reverse councils and telegraphic transfers

The commodity bought and sold in the exchange market is the currency of a foreign country, principally that of Great Britain, that is sterling. The business in exchange is either "*spot*" or "*forward*" A spot transaction is one in which cash in the currency of one country (say India) is exchanged for currency of another country (say Britain), while a forward contract in exchange is made now for the purchase or sale of the currency of other countries at a future date In a forward transaction the payment is not made now but at the time of delivery in future. There is always some difference between the

'spot rate' and the 'forward rate' owing to the risk of exchange fluctuations happening in the intervening period. The forward exchange contracts enable the merchants to protect themselves against loss caused by fluctuations in the rate of exchange. For example, suppose an Indian exporter has sold some produce to an English merchant and has drawn a bill of exchange in sterling for the amount due. It is possible that when the bill falls due for payment the rate of exchange (*i e*, the rupee rate in terms of shillings and pence) may become lower than what it is now. This will mean that the exporter will receive a smaller number of rupees for his bill. If therefore he enters into a forward exchange contract now (*i. e*, agrees to sell sterling at a fixed rate for delivery at a future date) he can avoid this loss through exchange fluctuations.

The exchange market in India is not large, because it is entirely in the hands of the Government and the exchange banks. *Very few other banks take any part in this* business. "Exporters of Indian produce want to obtain rupees for the sterling paid to them in London by the British consignees. Importers of British goods want to obtain sterling to pay to the British consignors. It does not follow that, in actual practice, the exports will go to Britain or the imports emanate from the United Kingdom; *but as far as payment for either is concerned*, it is customary to settle exchange in London. Exchange banks may be said to act as a clearing house for exchange; they provide rupees in India for the exporters and sterling in London for the importers. The exporters, therefore, sell their sterling to the banks in exchange for rupees, while the importers pay rupees to the banks in exchange for sterling. In a word, the exporter from India is a seller of sterling, and the importer into India is a buyer of sterling. The former usually sells his sterling in the form of bills of exchange (usually referred to as export bills), while the

latter buys his sterling in the shape of remittances (which may be demand drafts or telegraphic transfers). It is important to remember, however, that bills and remittances are merely sterling or sterling claims As the exchange banks are the mechanism by which sterling is transferred from seller to buyer, it is plain that to operate they buy from the exporter and sell to the importer, the price being expressed in so many shillings and pence to the rupee That being so, the price of sterling, like that of all other commodities, depends on the relation between supply and demand.

At various periods of the year it may not suit the banks to cater for forward business; for example, they may be willing to make contracts for spot deliveries, but at the same time may not wish to enter into forward transactions As far as the banks are concerned, it all depends upon the state of their exchange account and their cash position at the time of dealing The rates at which the banks will buy or sell forward exchange are governed to a large extent by the rates at which they can cover their operations, and in this connection reference may be made to the expression "operating against doubles" This means that the banks, not liking the look of the future of exchange, will take no risks and for the time being they will buy bills only against cover, or, on the other hand, will sell telegraphic and other remittances only against deliveries of bills When the exchange market is in this position, it is nearly always because, in the opinion of the bankers, there is not sufficient cover available or in sight to provide for the risks involved. At such times the merchant will find that the banks tend to work in unison; they will not sell remittances to importers unless they can at the same time buy exporters' bills at about the same usance, nor will they purchase export bills unless they can see their way clear to make

a fairly quick sale of exchange against them in order to provide the necessary funds. The whole position is really governed by the steadiness or otherwise of exchange. If exchange is fairly stable, the banks will take their chance of being able to cover at profitable rates; but where rates are fluctuating unduly, the attitude of the banks will be one of considerable caution."*

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*Spalding - "*The Finance of Foreign Trade*".

CHAPTER II.

TERMS AND PHRASES.

Tone of the Market.—This term refers to the state of prices ruling and the amount of business passing. The words tendency, sentiment and atmosphere are also used in the same sense The term 'undertone' or 'undercurrent' implies future tendency of prices

The tone of the market may be *dull* or *quiet* (absence of business and consequently no indication of the tendency of prices), *weak* (fall in prices), *steady* (no fluctuation in prices), *firm* (prices tending to rise), *irregular* or *indifferent* (prices fluctuating), *healthy* or *confident* (prices being good), *bearish* (prices tending to fall), or *bullish* (prices about to rise).

Money Rate.—The rate of interest charged by lenders for the use of money.

Rupee Rate—The equivalent of a rupee in terms of foreign currency especially of sterling.

Clive Street.—A term employed to indicate the money market of Calcutta on account of the fact that many of the principal banks have their places of business in that street.

Lombard Street—A term which is used to signify the London money market, because in that street or in the vicinity are situated the offices of many of the banks and other financial houses.

Wall Street.—This term stands for the New York Stock Exchange which is located in that place.

Call Money, Short Accommodation or Short Credits—Temporary loans given by banks, which can be recalled at any time or on giving to the borrowers a short notice.

Term Money or Time Money.—Loans granted by banks for a fixed period, usually not exceeding three months.

Deposits.—Monies lodged with the banks on fixed deposit account for a specified period, say one, two, three or six months. The depositors cannot demand repayment of their deposits before the due date.

Plethora or Surfeit of Funds—Plenty of money available in the money market, which cannot be lent even at a nominal rate of interest

Public Debt—The loans raised by the government of a country from the public for the purpose of meeting state expenditure. All modern states have to contract heavy public debts partly for wars and partly in connection with extraordinary expenditure on public works The Government of India borrows both in India and in England Monies borrowed in India are known as *rupee debt*; while borrowing in England goes by the name of *Indian sterling loans* Again if Government borrows for the purpose of financing a public undertaking which will yield income, such a loan is termed '*productive debt*'; and loans taken for meeting the ordinary expenses of the state are '*unproductive debt*'

Floating or Unfunded Debt or Short-term Borrowing.—Purely temporary loans raised by Government, which are repayable on demand or on a specified date, *e g.*, treasury bills issued by Government, the deposits received in postal savings banks or the sales of P O Cash Certificates.

Funded Debt or Long term Borrowing—Monies borrowed by Government for a longer period, which are not repayable at any fixed date. Such loans may be *perpetual* or *redeemable.* A perpetual or irredeemable loan is one which the Government is not bound to repay and on which only the interest is payable regularly. A redeemable debt

is repayable during a certain specified period or by giving a notice at the option of the Government. The securities which the Government issues to the lenders in connection with long term borrowing are called Government Promissory Notes or simply G. P. Notes.

Borrowing on Ways and Means Account.—Temporary loans taken by the Government of India from the Imperial Bank for meeting current expenditure.

Conversion Loan.—A new long-term loan usually carrying a lower rate of interest issued by Government in exchange for an older loan which has to be redeemed. The holders of the old securities are of course allowed the option of getting repayment in cash or in new securities.

Council Bills.—The Secretary of State for India has to meet certain expenses in England on behalf of the Government of India, and for this purpose has to draw funds from here. He draws rupee demand drafts on the Government of India and sells them to those who have to remit money to this country. These drafts are then forwarded by purchasers to India and are paid here by the Government. Should any purchaser desire to remit money to this country immediately, he can purchase a telegraphic transfer from the Secretary of State, and for this privilege has of course to pay a slightly higher price in sterling. For the last few years this system is however being replaced by the Government's purchase of sterling in India and sending the same to the Secretary of State.

Government Purchase of Sterling.—The Government of India purchases sterling demand drafts from the Exchange Banks for two purposes—(*i*) To put the Secretary of State in funds, and (*ii*) to lower the rupee rate of exchange should it rise above the upper gold point.

Reverse Councils.—When the rate of exchange tends to fall below the lower gold point the Government of India

sells demand drafts in sterling to those who have to send money to England. These drafts are drawn on the Secretary of State for India, who pays them in England The sale of reverse councils is also referred to as '*sale of sterling by Government.*' Reverse telegraphic transfers may also be obtained from the Government by those who have to remit money at once.

Gold Points. – The gold point or specie less point is the rate of exchange at which it is profitable for settling international debts to import or export gold rather than buy or sell exchange. As far as rupee sterling rate is concerned the rate of exchange below 18*d.* at which gold may be exported is known as, the "lower gold point"; and the rate above that figure at which gold may be imported is called the "upper gold point." The gold points vary according to the cost of packing, freight, insurance, commission, and loss of interest.

Emergency Currency.—This is the name given to the money borrowed by the Imperial Bank of India from the Paper Currency Reserve of Government on the security of inland bills of exchange. Such loans carry interest at the Bank Rate

Treasury Bills —These are securities issued by the Government of India, when temporary loans are raised The bills are due after three, six, nine or twelve months. The period for which a treasury bill is current is known as its 'usance'. Interest on these bills is paid by means of issuing them at a discount.

These bills perform a useful function during the slack season of the money market, because the lenders are enabled to invest their otherwise unusable funds at profitable rates, but when they are issued during the busy season they are disliked by the business men, since they make money dear and thus add to the merchants' interest charges. The banks also resent their issue because the

Government begins to compete with them for merchants' funds seeking short term investment.

As far as investors are concerned treasury bills are an excellent security in that there is no risk of capital depreciation and should the holders be in need of money they can very easily discount their holdings with banks.

The method adopted for the issue of treasury bills is as follows The Controller of Currency invites tenders from the public for a specified amount The tenders are opened on Tuesdays and the lowest tenders (*i.e*, tenders demanding the lowest rate of interest) aggregating to the amount required are accepted. The tenderers are then given the bills on payment of the amount due. The Government is not bound to accept tenders amounting to the sum specified The amount accepted depends on the rate of interest demanded The price at which allotment is made is below the face value of the bills, because the difference represents the interest to be paid on the money borrowed

Should the entire amount required be not received when allotment is made on Tuesdays, Government sells at a fixed price during the following week what are known as "*Intermediate Treasury Bills*" Usually the rate of interest allowed for such bills is the average rate paid on the accepted tenders on previous Tuesday.

Paper Currency Reserve —This is a reserve maintained by Government for the purpose of securing the convertibility of its note issue. The reserve consists of gold and silver coins and bullion and Government securities. It is held partly in India and partly in England. The amount of currency notes which can be issued against Government securities is fixed by law and is called the "Fiduciary Issue". Any notes issued beyond this amount are to be backed by an equal amount of metallic coins or bullion.

Ad hoc Securities.—In 1920 the Government of India fixed the rupee rate of exchange at 2*s*, and the sterling securities then held in the Paper Currency Reserve had to be revalued on this basis. This revaluation caused a heavy depreciation in their value The Government of India therefore created fictitious rupee government securities, and put them in the Paper Currency Reserve in order to fill up this gap These securities are known as 'ad-hoc securities' or simply 'ad hocs'.

Inflation or Expansion of Currency—Increasing the volume of currency in circulation chiefly through manipulations of the Paper Currency Reserve, *e g*, by adding government securities of a given amount to this reserve, an equal amount of fresh currency notes can be issued by Government

Deflation or Contraction of Currency—This means reducing the quantity of currency in the country, say by means of removing the government securities of a certain amount from the Paper Currency Reserve and then cancelling currency notes of an equal value In recent years heavy deflation of currency has been brought about by Government for the purpose of supporting the rupee exchange.

There was the usual end of year stringency and on December 28 and 29 the rate for call money rose to 6 per cent, *with borrowers over*

There......stringency—The money becomes usually scarce at the end of the year, because many banks call back their loans in order to show a higher cash balance in their balance sheets.

With borrowers over—With borrowers left without getting the loans

The possibility of a drop in the Bank Rate to 7 per cent before the end of the month *has already become a betting proposition, in which long odds are not asked for.*

Has......for.—Has become well-nigh certain.

One must however look ahead and realise that *the London Money Market will in all probability have to be tapped for a long dated Indian loan, and that short term borrowing beforehand might possibly queer the pitch.*

The......pitch —The Government of India will have to raise its long-term loan in the London money market, and therefore if temporary borrowing by means of treasury bills takes place beforehand, the loan may not be a success.

It was pointed out that a fall in the rupee exchange to the lower gold point would necessitate the sale of reverse councils, *which would,* to say the least of it, *be embarrassing to Government*

Which......Government —Which would be very inconvenient to Government, because the Secretary of State may not have enough funds to meet them.

The week under review has shown that Government still consider it necessary *to ride the exchange market with a tight curb rather than a snaffle and loose rein.*

To......rein —To take all possible steps to support exchange rather than allow it to have its own way

The 9 months treasury bills become less attractive as the date of maturity gets further forward into 1930

They become unpopular because they will mature in the middle of the busy season and the banks cannot afford to lock up their monies in treasury bills up to that time.

The Bank Rate remains unchanged at 6 per cent but there would in all probability have been a reduction to 5 per cent , *had it not been for the uncertainty and nervousness regarding the future course of international finances.*

Had ......finances.—If there had been no fear and anxiety about the future conditions ruling in the money markets of London and America.

During the week *the dollar sterling cross rate improved from 4·84 7/8 to 4·85 and London discounts from $5\frac{1}{2}$ per cent. to 5 5/16.*

The......to 5 5/16 —The cross rate rose from 4·84 7/8 dollars per £ to 4·85, and the discount rate in the London money market fell from $5\frac{1}{2}$ per cent. to 5 5/16 .

The Finance Member must be anxious to leave no stone unturned *to make money-market conditions as propitious as possible for the floatation of his new loan*

T.. ...loan.—To render the money market as easy as possible, so that the new Government loan may be a success.

Rupee Government securities have slumped badly during the last few months and that on top of a steady decline during the previous eighteen months, until the market is thoroughly disorganised.

Rupee..... months —The recent heavy fall in the prices of rupee Government securities has followed the continuous decline in their values which took place during the previous eighteen months

It was pointed out that no further "*cash*" *applications for the loan* were likely to be received during this week from banking, insurance or financial quarters and that *the broking fraternity had shot their bolt as well*

Cash......loan —Offers to lend cash to Government, as opposed to the exchange of old securities for the new loan, which is called "conversion".

The......as well.—The brokers had also applied for as much loan as they wanted.

At the commencement of the week *there was a general bear raid on Government securities* in Bombay, as a result of the very disappointing cash subscriptions to the New Loan and under heavy selling pressure all issues declined

There..... securities —There were heavy sales of Government securities by speculators who anticipated a fall in their prices in the future

If the suggestion of *meeting the money market half way* (by offering treasury bills *of the most attractive maturities*)

were adopted, it is probable that Government would obtain a fairly substantial amount.

Meeting..... half way—Satisfying to a certain extent the banks and others who are likely to lend money to Government.

Of.......... maturities—Repayable at a time convenient to lenders. Treasury bills which fall due in the middle of the busy season are not liked by the market.

This week has seen *a welcome change in the position*, and helped partly by extremely easy money conditions and to a greater extent by the *cessation of bear operations* from Bombay, Government securities *have recovered to a marked extent.*

A .... position—Improvement in the prices of Government securities.

Cessation........operations—Stoppage of heavy sales by speculators

Have..........extent—Have appreciably risen in value.

The New Loan *which is naturally the index of the market* has recovered from approximately 7 annas discount to 3 annas premium with more sellers than buyers at the latter price *The remainder of gilt edged values have practically stabilised themselves on a level giving the same interest yield as the new loan.*

Which........market—Which indicates the tendency of prices of all securities

The.........loan—The prices of all other Government securities have stayed at such a point that they yield to the investor the same income as is obtainable from the new loan

Nervousness, generated by political unrest, *resulted in 23% of the loan being left in the hands of the underwriters*, but there is no doubt that *the issue* after a short interval *will be unloaded at profitable rates*

✓ *Resulted........underwriters*—The underwriters had to take up 23% of the loan themselves because the entire loan was not subscribed for by the public An underwriter is one who, in consideration of a commission, agrees with the borrower to take up himself that portion of the loan which is not subscribed for by the public.

The......rates —The underwriters will be able to sell their securities at a profit

It is certainly an extremely welcome sign that, in spite of the difficult conditions prevailing and in spite of Bombay's efforts to depress Government securities, *the market has shown so much resiliency and has responded so quickly to improved conditions in the money market.*

The .. . market —The prices of Government securities have withstood the adverse factors and have improved owing to the easiness of money conditions.

Money conditions have been extremely easy during the week and *redundant funds have been a drug on the market, with lenders over of call and short notice at 1 per cent and only occasional borrowers of fixed deposits at bargain rates.*

Redundant .. ..rates —The surplus monies cannot be lent and the result is that banks are willing to make call advances at even 1 per cent. and still they cannot all find borrowers Consequently the banks are accepting fixed deposits at very low rates.

On Tuesday *there was a fair inquiry for remittance* and *this, coupled with quiet to weak advices from Bombay, caused a drop in the rate for ready telegraphic transfers to 1s. 5 29/32d* on Wednesday, though there was no corresponding drop in the rate for export bills.

There .....remittance —Many importers wanted to purchase sterling from the exchange banks.

This ... 1s 5 29/32d —This factor together with reports of a weak exchange from Bombay, brought the rate for ready T/T down to 1/5 29/32

There has been a lull in the export trade and considerably fewer bills have been showing, with, the result that *banks* have had fewer purchases to make, and *have therefore shown less desire to scramble for the little cover available in the market.*

There......showing—The export trade has been dull and therefore very few exporters have sterling to sell to the exchange banks

Banks ...market—Banks are not therefore keen to sell remittance in order to cover their purchases of sterling in the form of export bills.

It must also be rememberd that *with no demand for remittances on mercantile account Government hold the key to the exchange market*, and that by raising their buying rate to 1*s* $6\frac{1}{16}d$ at the first hint of firmness, *they have rushed the exchange market* at the very commencement of the season.

With .....market.—There are no importers who want to purchase sterling, therefore the exchange market is entirely in the hands of Government, because they are the only buyers of sterling.

They .....market – They have forced up the exchange rate.

This year money and exchange rates *commenced to sag* about the normal time, *viz*, mid-April and normally *there should have been a reflection of easier monetary conditions ahead in a distinct discount in exchange rates for deliveries during the monsoon months* For some unaccountable reason, however, *in mid-April there was a slight premium in exchange rates for monsoon deliveries*

Commenced to sag—Began to fall

There . . .. months—Owing to the easy money conditions in the coming months, the exchange rates for monsoon deliveries should have been lower than those for ready

In.. ...deliveries—In the middle of April the rates of exchange for delivery in July, August or September were, however, a bit higher than ready quotations

The response to *the innovation of 12 months' treasury bills* was distinctly encouraging Tenders amounted to Rs. 2,45,50,000, *but the market had obviously misjudged Government's willingness "to pay"* and only 44 lakhs were accepted at a rate giving a return of approximately $5\frac{1}{8}$

per cent. per annum *It is not unnatural that, as 12 months' bills were an innovation and experiment, the market's first tenders should have been something in the nature of "feelers" as to the rate which Government were prepared to pay and as such would be on the greedy side.*

The . ... bills —The 12 months' treasury bills were started for the first time this year (1929)

But......pay —But the market could not correctly ascertain the rate of interest which the Government was prepared to pay for 12 months' loans

It . ... side —It is therefore justifiable that, as the 12 months' treasury bills were issued for the first time, the lenders demanded a higher interest rate in order to find out what rate the Government could pay.

The question, as far as India is concerned, would appear to resolve itself into one of *taking drastic steps this year to insure that the loan is a complete and crushing success, thereby stabilising the Government security market, even at a lower level*, and insuring that *the heavy conversion programme of the next few years can be carried out on at least equal terms.*

Taking .. . level —All the necessary steps must be taken so that this year's loan may be fully subscribed for, and the prices of Government securities may stay at least at their present low figures.

The...... terms.—The conversion loans to be issued during the coming years, may be offered on the same terms as to interest, etc.

The chief feature in the financial world during the week has been *the surprising swing of the pendulum in the exchange market*, and there has been considerable speculation as to the cause of the sudden firming up in exchange rates. It is of course recognised *that "bear" operations in Bombay were partly responsible for the exceptional weakness in exchange early in the month, and that as a result of these operations Bombay is probably fairly heavily overbought. But with the export trade of India at a standstill, last week's*

firming up in exchange rates would appear to have been overdone—unless the view is held that further deflation will have to be resorted to in order to put the Secretary of State in funds

The..... market —The unexpected fluctuation in exchange rates.

That......funds —The heavy sales by speculators in Bombay were the cause of a drop in the rate of exchange at the beginning of this month, and the result of this heavy selling is that exchange banks have purchased far more than what they have sold to importers They will therefore have to sell more in order to cover their purchases, and this fact may raise exchange But on account of the export trade being dull the last week's rise in exchange was not fully justified, unless it is anticipated that currency will be further deflated in order to enable the Secretary of State to obtain the necessary funds

The recent abnormal conditions in the money market coupled with a rise in the Bank Rate to 8 per cent. and every indication of continued firmness, if not stringency, in money rates and the bogey of treasury bills, both rupee and sterling, hanging over the market—had caused a general feeling of lack of confidence and anxiety regarding Government's capacity to borrow in India on terms, which would not lead to a further depreciation in existing Government Rupee Securities.

Owing to the unsatisfactory money conditions in America and London, the 8 per cent. Bank Rate, the possibility of continued dear money and the fear of re issue of treasury bills, it is certain that Government will not be able to borrow in India unless a higher rate of interest is offered and consequently the prices of existing Government securities would fall further.

It would certainly appear that the only hope of the Bank of England rate not being raised lies in the possibility of a growing fear *that the Wall Street bubble is about to burst* and that even *the attraction of rapidly sky rocketing share values* and 10 per cent. and 12 per cent. for loans at call and short notice may be considered not worth the risk, *when it is a question of blowing good gold into*

a bubble, which looks as though it might burst at any moment.

That . ...burst —That the highly speculative transactions on the New York Stock Exchange are about to end in heavy losses

The .....values —The temptation given by extremely high prices of shares.

When ......moment When it means investing money in a highly speculative venture which may completely fail at any time.

The improvement in the "cash" position is again due to the repayment by Government of advances made to them by the Imperial Bank on "ways and means account," and *this operation is reflected in a further drop in loans*" It is understood however that *the Bank has not utilized this "windfall" to repay loans from the Paper Currency Reserve.*

This .. . loans —The Government has repaid to Imperial Bank the money borrowed on "ways and means account" and this fact has reduced the Banks item of "Loans"

The .. . Reserve —The Bank has not repaid the emergency currency out of this unexpected amount of cash received from Government

When money is really dirt cheap in the money market the issue of treasury bills to take off the surplus and unlendable funds, which at times have clogged the market during the monsoon months, could be said to fill a gap which has long been an obstruction in the financial machine in India. But the issue of treasury bills at a time when the money-market is just and only just recovering from a period of severe stringency is a totally different matter and is naturally resented for more reasons than one For one thing Government at once become a competitor of banks for merchants' short term money.

When money conditions are easy, the issue of treasury bills to absorb the plenty of unusable funds during the slack season is certainly very useful to the Indian money market But the treasury bills issued just after the busy season are disliked by the market for many reasons one of which is that Government begins to compete with banks for peoples' deposits

At the time of the *meteoric improvement in Indian borrowing rates*, warnings were continually thrown out in these columns that the pace was too fast and that India could not possibly continue to borrow on almost equivalent terms to London and better terms than almost any other country in the world. Later *when drastic deflation was necessitated, as a corollary to the "one and six penny rate"* it became evident *that there would have to be retrogression and the 1927 loan fiasco produced sufficient proof*, if proof was necessary.

Meteoric.... rates—Sudden reduction in the rate of interest paid on loans raised by Government

When ... .rate—When Government very largely reduced the currency with the object of supporting the 18*d* rate of the rupee

That..... proof—That a higher rate of interest will have to be paid in future as was shown by the failure of the 1927 loan on account of a low rate of interest

The fact Government have now resorted to both *expansion of currency against sterling securities* and *inflation against ad hoc securities* is interesting and noteworthy

Expansion .....securities—Increase in currency in India by adding an equivalent amount of sterling securities to the Indian Paper Currency Reserve kept in England

Inflation.. .. securities—Increase in currency by putting an equal amount of created securities in the Paper Currency Reserve maintained in India

The fact that new long term sterling borrowing has had to be resorted to, to finance the purchase of sterling Burma Railway outstandings, must be something of a bitter pill after the glowing predictions made, not so very long ago by Sir Basil Blackett, that India would soon be free of all sterling debts, especially after sterling borrowing had had to make good the failure of the 1927 rupee loan. It all boils down to the fact that the attempt in 1926 to place Indian Government Securities on a par with Consols, and on

a higher level than the Government securities of almost any other country or Dominion was too ambitious and premature, and we are now suffering from the effects of our attempting to run before we were really in a position to do more than walk and gradually fit ourselves by long and pains-taking training for the ambitious attempt to break records.

Some time ago Sir Basil Blackett said that India would not have to raise any loan in England after the sterling borrowing of 1927 But the Government of India have had to borrow in London for the purpose of meeting the sterling treasury bills issued for the purchase of Burma Railway The reason for this is simple In 1926 the rate of interest allowed on Government loans issued in India was lowered so much that it was equal to that of British Government securities and lower than those paid by the governments of other countries, and the result is that the required money cannot be raised in India and Indian government has been forced to fall on the London market The safe course for the then Finance member to adopt would have been a gradual reduction in the rate of interest on government loans

As pointed out last week the rise in the Bank Rate in England was—if not entirely unexpected—a bombshell to the Indian Money Market, and for the first few days of readjustment it was quite natural that banks should prefer to borrow from the Imperial Bank as a temporary measure Whether this borrowing from the Imperial Bank would have continued, had it not been checked by a rise in the Imperial Bank Rate is a matter of opinion, but there is no doubt that the general opinion in the money market is that it would only have been temporary and that the position would have been quickly adjusted, without the thumbscrew of a rise in the Imperial Bank Rate, had Government been willing to take a lower rate for "Councils" instead of bolstering up exchange

The Indian money market was adversely affected by the raising of the Bank of England rate, and for a few days after this had happened the exchange banks borrowed from the Imperial Bank instead of sending their export bills to England for the purpose of being rediscounted in the London market because the London discount rate was also higher in consequence In the opinion of the market this borrowing from the

Imperial Bank would have stopped after a few days without the raising of the Imperial Bank Rate, if only the Government had been willing to sell sterling at a lower rate of exchange

The past week has shown how sensitive and "on edge" the exchange market is, for with little or no real weight of export and import activity, the pendulum swung from firmness at the commencement of the week—as shown by the heavy applications for Councils which amounted to £11,665,000 and included £50,000 at 1s. 6 $\frac{1}{32}$d.—to conditions which at the least could be termed quiet. There is no doubt that left to itself exchange would have had a drooping tendency and it remains to be seen whether the thumbscrew of an 8 per cent. Bank Rate will hold it up for very much longer.

The last week has shown how the exchange rates are affected by the slightest cause, the rate was firm at the beginning of the week as is evident from the fact that the government sold a large amount of sterling at a fairly high rate, but it became weak at the close of the week without any trade activity. It is certain that the exchange rate would have fallen further if the Imperial Bank Rate had not been raised, and ~~now it remains~~ to be seen how long the increased Bank Rate would maintain it at a higher level

It is known that a large portion of the Bank's "Cash Credit" advances are based on a 7 per cent maximum and that the Bank is therefore ~~actually losing~~ money on these advances, when the borrowings from the Paper Currency Reserve are on an 8 per cent basis.

The highest rate of interest charged by the Imperial Bank for cash credits is 7 per cent and it therefore makes a loss of 1 per cent when it pays to Government ~~8 per cent~~ for the emergency currency.

Although the demand for Councils is likely to dry up and evaporate from now on, there are other heavy commitments during the next month or so, which would necessitate the issue of fresh rupee treasury bills unpopular as they are in all quarters

Although in the near future the Government of India will not require rupees to pay the Council Bills owing to the stoppage of their sale, still it has other large payments to make, and this fact may lead to the issue of further treasury bills in India, though they may be disliked by all banks and merchants

The issue of fresh treasury bills would of course arrest the otherwise natural fall in money rates, and it may be that the issue of treasury bills may be found necessary in order to bolster exchange rates, which show signs of falling to an embarrassingly low level. There are at the moment abnormal causes which show signs of exerting a down drag on exchange rates—apart from the exceptional slackness of the export trade of India and the usual seasonal weakening in exchange during the monsoon months These are closely wrapped up in the abnormal conditions ruling in London and the developments of the last week show how the high money rates prevailing in London, owing to the wave of speculation which is sweeping America, may seriously affect the rupee exchange.

If treasury bills are re-issued the money rates will certainly rise; and it is also possible that Government may find it necessary to issue them for the purpose of supporting the exchange rates which are likely to fall very much Besides the dull export trade and the seasonal falling off of exchange rates in the monsoon months owing to easy money conditions, there are other extraordinary factors which tend to weaken the rupee exchange These are connected with the unusually high money rates in London brought about by the wild speculation prevailing in America

CHAPTER III.

SPECIMEN REPORTS.

I.

Calcutta, Oct. 6, 1929

Credits have kept in fair demand, with an appreciable rise in rates. Short-term funds were, now and again, fetching $3\frac{1}{2}$ per cent. It is difficult, at the moment, to say whether this phase of slight stringency is due to sentiment or to the demand for jute finance or to the larger demands for currency on account of Poojah purchases and requirements.

The currency authorities announced this week the discontinuance of six months Treasury Bills. It is, of course, true that it would have served no useful purpose to have kept six months Treasuries on offer. The applications received this week were barely Rs 10 lakhs, and had they been continued the tenders might have dwindled to Rs 5 lakhs – an altogether ludicrous development. The Government may, therefore, be congratulated on this timely and tactful step. *How long will three months Bills be kept on?*

The Finance Member has just issued a detailed memorandum on the various operations and results connected with this year's New Loan. It is to be hoped that he will, likewise, issue a statement on the silver sales policy of the Government.

In the exchange market, export bills have continued to be scarce but the lower prices of raw jute have resulted in appreciably bigger business for shipments. *Exporting houses have been fairly good sellers of Ready T. T. and next week T. T. at 1s. $5\frac{27}{32}$d. and 1s $5\frac{7}{8}$d combined.* In the

instances where this was not practicable, they have been giving small amounts of sterling to the Government at 1s $5\frac{7}{8}d$ Otherwise, there has been very little inter bank business. Banks are not at all keen sellers of Ready T T to other banks; on the other hand, they have been buyers for ready position *It is believed that Government would like to remit at least £1 million during this month and that the Government are not likely to put up the buying rate for sterling until this amount has been covered from the market* Forward positions have been getting quieter; *and during the week there has been fairly good remittance effected on piece goods account for deliveries from December to April*

The closing rates were.—1s $5\frac{27}{32}d$ for Ready T. T.; 1s. $5\frac{7}{8}d$ October 21, T T.; 1s. $5\frac{29}{32}d$ November 14, T.T; 1s. $5\frac{15}{16}d$ December T. T.; 1s. $5\frac{31}{32}d$ January February T. T; 1s $5\frac{15}{16}d$ March T. T; 1s $5\frac{29}{32}d$ April T. T: 1s $5\frac{7}{8}d$. May-August T T. There have been good buyers for cash at 1s $5\frac{7}{8}d.$, 1s $5\frac{29}{32}d$ November; 1s $5\frac{15}{16}d$. November 22, 1s $5\frac{31}{32}d$. December 7; 1s. 6d. December 15-February.

Bills may be quoted—1s. $6\frac{1}{4}d$. October 17; 1s. $6\frac{9}{32}d$. all October, 1s. $6\frac{5}{16}d$ November 21; 1s $6\frac{11}{32}d$ December 12; 1s $6\frac{3}{8}d$ December February; 1s. $6\frac{13}{32}d$ March; 1s $6\frac{5}{16}d$ April; 1s. $6\frac{9}{32}d$ May Monsoon.

The statement of the Imperial Bank of India for the week ended September 27, 1929, shows an increase in Public Deposits of Rs. 191.09 lakhs and in Other Deposits of Rs 3 53 lakhs. On the assets side, while Investments, Cash Credits and Bills are all up by Rs 1 02 lakhs, Rs 19 29 lakhs and Rs 12 48 lakhs, Loans are down by Rs 13.06 lakhs. In the result, Cash has increased by Rs 169½ lakhs and Cash percentage is 33 84 per cent against 32.69 per cent. *Public Demand shows an increase of Rs 16 lakhs.*

Tenders for rupees one and a half crores of six months and three months Treasury Bills were opened on October 1 Total amounts offered were Rs 9,50,000 and Rs 25,25 000 respectively. Tenders for six months bills at Rs 97-6 and above aggregating Rs 9,00,000 were accepted in full Tenders for three months bills at Rs 99 and above aggregating Rs 19,00,000 were accepted in full All lower tenders were rejected. The aggregate amounts of six months and three months bills accepted were Rs. 28,00,000. The average rates of accepted tenders for six months and three months bills were Rs. 5 2 3 and Rs 3·12 per annum respectively Tenders for Rs. 1 crore of three months bills will be received on October 8.

Call money may be quoted 3¼ per cent. though business has been reported at 3½ per cent *Signs are manifest that demand on account of jute may spring up early* One month, two month and three month deposits may be quoted 3½ per cent., 3¾ per cent and 4 per cent. respectively. London discounts are now $6\frac{9}{32}$ per cent The Bank of England continues to lose gold heavily.

The gilt edge market has been dull with prices falling away. 3½ per cent Rupee Paper closed at Rs. 68·8 and the 1939 44 New Loan at 8 annas discount

The Statesman.

Credits .. ..rates—There has been a good demand for loans and the money rates have therefore risen.

How... ..on—For how many months more will the three months treasury bills be offered for sale by Government ?

Exporting ......combined —Firms engaged in exporting jute to other countries have sold a fair amount of sterling in the form of telegraphic transfers for immediate delivery at 1/5 27-32 and for delivery next week at 1/5⅞

It..... market.—It is understood that Government want to purchase £ 1 million sterling in India for the purpose of remitting it to the Secretary of State; therefore they are not going to increase their buying rate for sterling until the required amount has been purchased, because if they raise it they may not be able to obtain the full amount

And......April.—And during the week a fair amount of sterling for delivery from December to April has been sold to merchants who are importing piece-goods

The closing rates were —These are rates ruling at the end of the week for the sale of sterling usually by banks Note that forward rates for delivery up to February gradually increase by 1/32*d* when compared with the ready rate ruling on 6th October But the forward rates from March to August are lower than the ready rate This is due to the fact that the period from November to February is the busy season in India, when trade is active, money is dear and consequently the rupee rate of exchange is firm On the other hand from March the slack season begins and the rupee rate is likely to weaken

Bills may be quoted —These are rates at which exchange banks purchase sterling from exporters in the form of export bills Here also the same tendency as described in the previous paragraph is noticeable, *viz* —forward rates for delivery up to February get gradually higher than the ready rate, but from March they begin to be lower.

It must also be noted that the rates at which exchange banks buy sterling (export bills) are higher than those at which they are prepared to sell sterling (telegraphic transfers) The difference represents the profit they make on these transactions

Public..... lakhs.—Public demand means borrowing by the public from the Imperial Bank It may be in the form of loans, cash credits or bills discounted Therefore the total of these items this week exceeds that of last week by 16 lakhs

Signs. .. early —It appears that demand for money to finance the jute trade may arise early

The . .. away.—There has been little business in government securities and their prices have fallen.

2.

Calcutta July 19, 1929.

THE seasonal depression in business has shown no sign of relief and another week has been added to the prolonged period of inactivity. With trade at such a low ebb, the money market is extremely easy and *Treasury Bill maturities* have begun to swell the already large volume of unusable funds. The first batch of three months' bills sold in mid April aggregating Rs 47.25 lakhs fell due for payment to-day and during the next four weeks still larger amounts will be released by the Government. The total addition to the *short loan resources* of the market, from now till August 17, will amount to no less than Rs. 324 50 lakhs. The bulk of these three months' bills were, doubtless, taken by Calcutta banks in the expectation that their maturity would coincide with the initial demand for jute finance. But these calculations have been upset and the banks are faced with the problem of disposing of this additional surplus. In these circumstances, *money has become a drug in the market* and could not be employed even at 1 per cent.

In the statement of the Imperial Bank of India issued this week a significant reform has been inaugurated by the separate mention of Ways and Means advances to the Government of India. Hitherto this item was smothered under " Loans, " *but this procedure often gave rise to misconceptions as to the real trend of trade demand.* It is felt in financial circles *that Ways and Means advances to the Government have often nullified the effects of seasonal expansion of currency against inland trade bills* and that a high bank rate has been maintained in the face of easy conditions of trade only owing to the state of Government finances. Now that Ways and Means advances are to be shown separately, banking circles will be able to gauge more accurately the reactions of Government finance on

the money market. While the reform now introduced is satisfactory as far as it goes, additional information is essential if the Imperial Bank's statement is to afford a reliable clue to the various factors in the money market Briefly put, the further changes required are the distinct mention of Bankers' balances under "Other Deposits" and of Bankers' borrowings under "Loans" with a view to separate *the money market items proper* from the commercial banking items in the Imperial Bank's balance sheet When the Bank of England has shown itself capable of breaking away from age long conservatism and has set a commendable example in this matter, the Imperial Bank authorities need not be slow to follow the precedent

The Exchange market has been very quiet and the ready rate is unchanged at 1*s* $5\frac{23}{32}d$ Business has been very limited and few export bills have been showing *There has been a readjustment of forward rates for August to October deliveries* Last week, *there were sellers of early September at* 1*s*. $5\frac{22}{32}d$. *and some banks, notably in Madras, were inclined to lay down funds for September* at 1*s*. $5\frac{13}{16}d$. *with the result that the gap between Ready T T and September T. T was much exaggerated* Banks are now inclined to take an easier view of the September position and *though the difference between Ready T T and cold whether T T. remains unchanged at* $\frac{1}{4}d$, *it is more evenly distributed* and forward T T commands a uniform premium of only $\frac{1}{16}$d. per month up to the end of October. *Business is possible at* 1*s* $6\frac{1}{32}d$ *for November February T T. in a string* London discounts are very sensitive to the gold movements at the Bank of England and fluctuate between $5\frac{5}{16}$ and 5 3/8 per cent.

The closing rates were · 1s. $5\frac{23}{32}d$. for July T. T ; 1*s*. $5\frac{13}{16}d$ for first half August T. T . 1*s* $5\frac{27}{32}d$ for second half August T. T ; 1*s* $5\frac{7}{8}d$ for first half September T. T ; 1*s*. $5\frac{29}{32}d$ for second half September T. T. ; 1*s*. $5\frac{15}{16}d$. for .

first half October T. T. ; 1*s.* $5\frac{31}{32}d.$ for second half October T T, 1*s* 6*d* for November T T. ; 1*s* $6\frac{1}{32}d.$ for Dec. Jan T T ; 1*s.* 6*d* for Feb.-Mar. T. T. ; 1*s.* $5\frac{31}{32}d.$ for April

Bills may be quoted : 1*s* $6\frac{5}{32}d.$ upto August 1 ; 1*s* $6\frac{9}{16}d$ from August 1 to August 18 ; 1*s.* $6\frac{7}{32}d$ for August, 1*s.* $6\frac{1}{4}d$ up to September 19 ; 1*s.* $6\frac{9}{32}d.$ for September, 1*s* $6\frac{5}{16}d.$ up to October 17 ; 1*s* $6\frac{11}{32}d$ for October ; 1*s* $6\frac{3}{8}d$ for November ; 1*s.* $6\frac{13}{32}d$ for Dec.-Jan, 1*s* $6\frac{3}{8}d$ for Feb. March ; and 1*s* $6\frac{11}{32}d.$ for April

The statement of the Imperial Bank of India for the week ending July 12 bears testimony to the continuance of extremely easy monetary conditions. Public Deposits are up by Rs 61.24 lakhs to Rs 1450 71 lakhs while other Deposits are also up by Rs 39 52 lakhs to Rs. 7303 48 lakhs On the assets side *Investments*, Loans and Cash Credits have all decreased by Rs. 19 81 lakhs, Rs 47 77 lakhs and Rs. 128.17 lakhs respectively while Bills and Cash have increased by Rs 13 11 lakhs and Rs. 215 27 lakhs. The Cash balance is Rs 28,92,69 lakhs and the cash percentage 32 79 Bank rate is unchanged at 5 per cent

Call money continues unlendable at 1 per cent. One, two and three months' deposits are nominally quoted at $1\frac{1}{2}$ per cent. with no borrowers.

The gilt-edge market is quiet. $3\frac{1}{2}$ per cent. paper is dull at Rs 67 12 whereas 5 per cent. 1945-55 is steady at Rs 102

The Statesman.

Treasury bill maturities—Treasury bills falling due for payment.

Short loan resources—Funds available for loans at call and short notice

Money......market—money cannot be lent even at a nominal rate of interest

But .....demand—Owing to the inclusion of ways and means advances in the item " Loans " it could not be correctly ascertained how much money was borrowed by the trade.

That... . bills—The emergency currency borrowed by the Imperial Bank from Government cannot give much relief to the money market if the Government continues to borrow on ways and means account.

The money ...proper—The deposits received from and loans given to other banks by the Imperial Bank

There ....deliveries—Forward rates for deliveries from August to October have been revised

There... . . exaggerated—Some banks wanted to sell exchange at 1/5 29 32 for early September, while others (particularly in Madras) wanted to purchase for September at 1/5 15-16, and the result of this activity was that the September rate became much higher than the ready

Though... ..distributed—Though there is still a difference of $\frac{1}{4}d$ between the ready T T rate 1/5 25 32 and the forward T T for delivery in December-January (1/6 1 32), yet it is fairly distributed over the various forward deliveries—the rate for each forward delivery rising only by 1·32*d* Refer to the quotations given in the report

Business... ..string—It is also possible to sell T T at 1/6 1·32 for delivery at any time during the entire period of November February

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Calcutta, May 17, 1929.

" *Practically no bills showing* ; *no demand for remittance , altogether, no business* " this would be a correct description of the current week's market in exchange As for the monetary world, ***steady conditions prevailed all through the week***, except towards the finish when a shade easier feeling was manifest.

Business in short credits was done for fairly large amounts at $4\frac{1}{2}$ per cent in the earlier days of the week ; but, at the close, *overnight accommodation* was available at

$3\frac{1}{2}$ per cent. The rate for call and short money may be quoted 4 per cent. to $4\frac{1}{4}$ per cent with borrowers at the lower rate and some lenders at the higher. It is somewhat premature to draw any general conclusions as to the future money tendencies from to day's easier feeling in the money market. But it is, on the whole, safe to say that *now that the market will no more have to make any payments in respect of Treasury Bills, the accumulation of resources on account of the finance released from produce should make itself felt in a steadily increasing manner in the coming weeks*

That there need be no apprehension regarding the possibility of any sudden or sharp spasm of stringency in the near future is emphasized by the flotation of nine months India Sterling Bills for £6 million on the London market In this connexion, it may be mentioned that the market was fearing some manner of deflationary action on the part, of the Government for the purpose of putting the Secretary of State in funds by transfer of a portion of the sterling securities from the Paper Currency Reserve to the Home Treasury This fear is now definitely removed The Currency authorities have wisely refrained from this mode of reimbursing the India Office, as the transfer of securities from Paper Currency Reserve to the Home Treasury and the resultant contraction of currency in India *would have had a seriously adverse effect on the money and gilt edge markets*

While it is satisfactory that the Finance Member has decided upon the issue of India Sterling Bills at this stage, it is rather problematical whether the Bills could be sold at anything like a satisfactory rate *Conditions in the London money market both as to the present and the immediate and near future are extremely unpropitious* But the India Office would surely have ascertained the tone and temper of the financial circles before they announced their *short term loan proposals*; and it is not at all unlikely

that with their influence and important connexions, they would have betimes adopted such measures as would practically guarantee the success of the issue

The effect of this announcement on the exchange market should, in the normal course, be bullish. But as owing to the monetary conditions in London, rupee rate and money rates in India have been divorced, there may not be any appreciable repercussions on exchange So far as the money market is concerned, the seasonal advent of easiness cannot now be delayed On the other hand, especially as trading conditions are sluggish in the extreme, the money market should rapidly ease off, thus facilitating the issue of the New Loan proposals by the middle or end of June

The exchange market has been extremely dull; there have been neither export bills nor remittance inquiry Rupee rate closed with a quiet undertone Bombay was quoting 1*s* 5⅞*d* with only one seller at 1*s* 5 29/32*d*. *The western capital has been all through supplying cover for export bills showing in Calcutta during the last few weeks. On the weekly sterling tender day, all applications were rejected as the rates were unsuitable*

The statement of the Imperial Bank of India for the week ended May 10 shows a decrease in Public Deposits of Rs 39.90 lakhs and in Other Deposits of Rs 124 65 lakhs On the assets side, while Investments are up by Rs 15 60 lakhs, Loans, Cash Credits and Bills are all down by Rs 92 71 lakhs, Rs. 28 61 lakhs and Rs 20 03 lakhs respectively In the result, Cash has decreased by Rs 26.48 lakhs and Cash percentage is 15.65 per cent. against 15 63 per cent Public demand shows a decrease of Rs 1¾ lakhs

Treasury Bills have been discontinued from this week. The results of this week's sales were: Tenders for three months Bills at Rs 98-13-3 and above were accepted in

full and those at Rs 98-13 were allotted approximately 66 per cent The total amount accepted is Rs 1 crore Lower tenders were rejected. Average rate of accepted tenders is Rs 98 13-3

Call money ruled steady during the week, with a slightly easier tendency at the close Short credits may be quoted 4 per cent to $4\frac{1}{4}$ per cent One month and two month deposits may be quoted $3\frac{1}{2}$ per cent and three month deposits 3 per cent. to $3\frac{1}{2}$ per cent

The Gilt-edge market has been somewhat steadier, with $3\frac{1}{2}$ per cent. Rupee paper quoting Rs 72 6 on account of a good inquiry from Bombay.

The Statesman.

Practically..... business —There are no sellers and no buyers of sterling on account of dull trade, and this means that there is no business in the exchange market

Steady.......week —Money rates throughout the week were high

Overnight accomodation —Loans for one day

Now.. ...weeks —In the near future the money market conditions should become easy, because the sale of treasury bills has been stopped by Government and also because funds realised from the sale of produce will be returning to the market

That there... market —There is no fear of any sudden rise in money rates in India for some time to come since the Government has resorted to short term sterling borrowing in London in order to put the Secretary of State in funds and it will not therefore have to deflate currency in India for that purpose The way in which the deflation of currency in India enables the Secretary of State to obtain funds in England is this A given amount of sterling securities held in the P C R located in England are transferred to the Secretary of State's treasury and are then sold in the market, and at the same time an equal amount of currency notes is withdrawn from circulation in India

Would.. ...markets —Would have increased the money rates and also lowered the prices of government securities in India It must be remembered that, when money is dear, the prices of government securities tend to fall

Conditions .. unpropitious —Owing mainly to the excessive stock exchange speculation in America, the money rates in London are high at present and are also expected to remain so for some time to come When there is speculation in America, the rate of interest there becomes high, and this high interest yield attracts to that country a very large amount of British capital, and thus makes money dear in England as well

Short term loan proposals —The issue of sterling treasury bills

The effect . .....exchange —In ordinary circumstances the sterling borrowing by Government tends to raise the rupee rate of exchange, but, since owing to the difficult money conditions in London there is not the same connection between the money rates in India and the rupee exchange, it is just possible that the issue of sterling treasury bills may not have any effect at all on the rupee rate The relation between the money rate and the rupee rate in normal times is this When money is dear in India the rate of exchange tends to rise, and when money is cheap, the exchange falls, because in times of dear money in India the exchange banks import funds from England for employment here and in the slack season they usually transfer these funds back to England, but when there are already high money rates prevailing in London, importation of funds from that country to India is not possible, and in that event the usual connection between the money rate and the rupee rate in India does not exist.

The western .. weeks —For the past few weeks the Calcutta banks have covered their purchases of sterling by means of sales of sterling to importers in Bombay

On the... ..unsuitable —All the tenders for the sale of sterling to Government were rejected, because the rate of interest offered was too low

The gilt edge .. . steadier —The prices of government securities are tending to rise

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4.

Calcutta, March 11, 1929.

The week has been a most anxious one for the money markets of the world and all eyes have been turned towards America in general and New York in particular, *where the wildest gambling of the last few months appears to have*

received a fresh impetus from the accession of Mr Hoover and to be blazing in such an unbridled manner, as to threaten the peace and stability of the money markets of the world

Recent cables refer to the mad gambling of the past few months *as without parallel—even on Wall Street since the meteoric rocket which finally burst in the crisis of 1907*

Wall Street accommodation has varied between 7 per cent. and 10 per cent. for the last few weeks and the latest advices at the close of the week quoted 12 per cent as the rate charged for loans at call to Wall Street Apart from British capital which has gone over to America to participate in the recent wild speculation in American industrial securities which have been boosted to dizzy heights on the strength of the protective tariff proposals of the new President, a vast amount of money has been lured from Europe, through London, by the attraction of the fantastic rates obtainable for loans at call and short notice in New York

The result was a sharp collapse in the $ sterling cross rate during January and heavy shipments of gold from the Bank of England, which finally led to the necessity of protecting London s gold reserves by raising the Bank of England rate to $5\frac{1}{2}$ per cent on February 6 The rise in the Bank of England rate led to a sharp recovery in the $ sterling cross rate from 4 84 13/16 to 4 $85\frac{3}{8}$ and stemmed the outflowing tide of gold from London But although the outflow of gold was checked, there was no indication of a turn in the tide and little if any gold returned to London, where the gold reserves had been drained to the minimum considered essential

It is to be hoped that reasoned judgment will prevent any further flow of European and other funds to the United States and that this self-same judgment tempered

with far sighted caution, will not only prevent any further flow of funds to the United States, but will also lead to a withdrawal of funds already sent across a withdrawal while the funds are still intact and before a withdrawal is fraught with a barricade of difficulties. For unless the tide of credits and gold can not only be stemmed but also turned towards London *it seems that English trade and commerce will have to be saddled with a further rise in interest charges and that a similar increase in interest charges will take place all over the world.* This—in order to enable millionaire and lift boy in New York to gamble on the Utopian prosperity of the United States, which is promised by the protective Tariffs of the new regime.

Meanwhile trade is crippled and to all intents and purposes at a standstill, as it is almost impossible to take any decided view until the present unsettled state of the money markets of the world has been overcome and interest charges can be gauged a few months ahead with some degree of certainty. India is in a like predicament with other countries in this respect, and the past week has witnessed an even greater and more profound stagnation in Clive Street than has been the case during the last four months of inactivity In the case of exports it is a question of consumers of jute, hessians, rice and to some extent cotton—being unwilling to commit themselves, until they know with more degree of certainty where the present seeming financial impasse will lead, and in the case of imports—foreign manufacturers having to protect themselves by including in their prices a provision for possibly heavily increased interest charges.

Developments in the exchange markets in India during the week furnish a very good example, near at home, of the way in which the fear of rise which may be brought on in world money rates by the almost financial crisis in the United States—is hampering trade. On Monday, *Exchange*

Banks were general buyers of three months bills for the mail at 1s 6 $\frac{1}{16}d$ and it was possible to place bills at this rate so long as the \$ sterling cross rate showed no definite signs of weakening and London discount rates showed no definite signs of firming up. *Under conditions existing at the time buying bills at 1s. 6 5 16d. represented a gamble on London's ability to weather the storm and Exchange Banks gave merchants the benefit of the doubt* - but as cables from London indicated the serious view which was being taken there and as the \$ sterling cross rate weakened and London discounts rose—Exchange Banks in India became cautious buyers of bills, until on Saturday they were forced to raise their rate for three months bills for the mail to *1s* $6\frac{3}{8}d$ —a rise of $\frac{1}{16}d$, in order to protect themselves against possible developments in New York and London *In other words the price of Indian exports had to be raised by the equivalent of* $\frac{1}{16}d$. *in exchange at a time when consumers were already diffident and shy* There is little to add to the foregoing with regard to trade in Calcutta during the week, for inactivity - approaching stagnation—has characterised all markets alike—Jute, Gunnies, Hides, Skins, Piece-Goods, etc., and until money conditions are more settled throughout the world, there seems little likelihood of any real improvement in trading conditions.

The statement of the Imperial Bank for the week ended March 1 shows a further rise in "Cash" of over Rs. 1¼ crores to Rs. 1,334 lakhs and an improvement in the "percentage" from 13 71 to 15 45. The improvement in the "cash" position is again due to the repayment by Government of advances made to them by the Imperial Bank on "ways and means" account and this operation is reflected in a further drop in "Loans" from Rs. 1,666 lakhs to Rs 1,420 lakhs. It is understood however that the Imperial Bank has not utilised this "windfall"—as was done the previous week—to repay loans from the Paper Currency

Reserve and that there has been no further inflation or expansion of currency by Government to meet their repayment on "Ways and Means Account." It is possible that the present critical and acute conditions in the London Money Market have made the Imperial Bank withhold what certainly last week looked like an attempt to force a reduction of the Imperial Bank Rate and the probability of a reduction in our Bank Rate must now be considered as dependent on conditions in London ; for unless London is able to weather the present financial hailstorm without raising the Bank of England Rate, there can be little likelihood of any reduction in the Imperial Bank Rate and even a rise to 9 per cent. cannot now be considered as entirely improbable

In the meantime conditions are somewhat easier in the local money market and even Bombay report that easier conditions are looked for after March 15. In Calcutta Banks continue to be good takers of call and short notice money—6 per cent being quoted for call and short notice, 5¾ per cent for one month, 5½ for two months and 5¼ for three months, although business at ½ per cent higher was fairly freely done There was however less indication of stringency

The Pioneer

Note.—The above report describes the effects of the wild speculation, prevailing in New York, on the money markets of London and India

Where . .. Homer—Where the heavy speculation, which has been prevailing for the last few months, has been further encouraged by Mr Hoover (the new President) who proposes to grant additional protection to American industries

As without..... 1907—There was a financial crisis in New York in 1907, which was brought about by the collapse of a wild speculative movement in stock exchange securities, but since then such heavy speculation, as prevails in America now, has not occurred anywhere in the world

✓*Wall Street accommodation* —Loans at call or short notice given to the New York Stock Exchange.

It seems .. ...world —It is likely that English merchants will have to bear high interest charges owing to money being dear in England because of American speculation, and consequently other countries of the world will also have to bear the same burden

✓*Exchange⋯ ⋯mail* —Exchange Banks were buyers of three months ready bills.

Under.. . doubt —At present the exchange banks in buying export bills at 1/6 5-16 take a risk, because they assume that the London discount rate will not rise But if it is raised before the bills reach London, the banks may make a loss on their purchases at this rate

In other.. ..shy —This means that Indian produce sold to other countries loses 1-16*d* per rupee on account of a rise in exchange rates, and this too at a time when owing to lack of demand its prices are already low

CHAPTER IV.

EXERCISES.

(1)

The statement of the Imperial Bank for the week ended June 12 *inaugurates an important change*; in that it shows "Ways and Means" advances to Government - separately from "Loans." This is a change which has been continually recommended in these columns and will be much appreciated by the Money Market. But *having once broken away from the old stereotyped form of statement*, which left so much to guess work, it would be well if the Imperial Bank went a step further and *vouchsafed the Money Market additional information* The extra information now required is .—Firstly a sub-division of "Other Deposits" into ' Bankers Deposits" and "Other Deposits" and secondly the sub-division of "Loans" into "Bankers Loans" and "Other Loans." The Imperial Bank statement would then be modelled on much the same lines as the Bank Return in London and would give the Money Market information, to which it is entitled.

To revert to the statement under review, *which fully reflects the extremely easy conditions now existing in the Money Market* "Cash Credits" show a sharp fall from Rs 2,816 lakhs to Rs. 2,687 lakhs and now stand at approximately the same level as before the issue of this year's Loan. The extraordinary rise of Rs 3 crores in this item, during the first week of this year's Loan flotation, *is an example of the baffling jugglery of figures which the suggested revised Bank Statement would elucidate*

"Loans" also show a drop of approximately Rs $\frac{1}{2}$ crore and "Other Deposits" an almost similar rise; while

"Public Deposits" are up by approximately Rs $\frac{3}{4}$ crore. "Cash" shows an increase of Rs 215 lakhs to the *healthy* total of Rs 2,892 lakhs and the *Percentage*, in consequence, an improvement to 32 79 – the highest registered since November 1927.

Meanwhile funds continue to pour into the Money Market from up country and other outside sources, and during this week have been augmented by nearly Rs. $\frac{1}{2}$ crore of three months *Treasury Bill maturities* and the market will receive a further Rs $3\frac{1}{4}$ crores on this account during the next month. *With trade at its present low ebb and no signs of any recovery in the near future, there is every reason to suppose that the present plethora of funds will continue for some time to come—unless, of course, Government come to the assistance of the Money Market with an issue of fresh Treasury Bills*

The Pioneer

1 Explain the italicized portions

2 What change has recently been introduced in the form of the Imperial Bank statement and what further improvement is desirable? Of what practical use can these changes be to the money market?

3. Give an imaginary statement of the affairs of the Imperial Bank of India, and then draw your conclusions therefrom regarding the conditions of the money market.

(2)

The raising of the Bank rate to 6 per cent. for no apparently justifiable cause, and fears that for similar reasons there might at any time be a further rise to 7 per cent *led to the beginning of a mild scramble for money*—accentuated by the fact that the Market was only open for occasional days during the holidays —and Call Money rose to 4—$4\frac{1}{2}$ per cent with 5 per cent. freely offering for Three Months' Deposits.

Not only this, but Exchange Banks began selling sterling somewhat freely to Government at $1/5\frac{7}{8}$ and

appeared to be building up a slightly oversold position there by This latter increased, as fears became more acute that Government would raise their buying rate to 1/5 29·32, and there is no doubt *that Banks finally built up an oversold position rather than risk having to sell at the higher rate, when funds were actually required* General steadiness continued and upwards of £2 million was sold to Government

But at the beginning of last week, as the Market began receiving payment in rupees for their sales of sterling, it became evident *that Banks had drawn considerably more from London than they required*, and Call Money began to be offering freely down to $2\frac{1}{2}$ per cent. and then to 2 per cent. or even $1\frac{1}{2}$ per cent Trade had not improved, and the trade demand for funds had not improved—and at the close of last week the Money Market discovered that India was in the same condition of *stagnant lethargy* as it had been at the beginning of the month, and that the Money Market had on the other hand something like *Rs 1 crore of extra surplus funds* which were unuseable Not only this, but these extra surplus funds had been withdrawn from London, where money was worth anything from 2 to 3 per cent more than in India The result was that at the close of the week Exchange Banks *decided it was better to pay for their mistake at once and return surplus funds to London*, and as a result exchange—which had stood on the basis of 1·5 27/32 for Ready T T. since September 10—*shed* $\frac{1}{32}$ to 1/5 $\frac{13}{16}$, and even at this rate showed signs of weakness

The Pioneer

1 Explain the italicised parts
2. What mistake referred to above did the exchange banks commit *and how did they rectify it* ?
3 How do exchange banks draw funds from England ?
4. Enumerate *the causes which led to a mild* scramble for money during the week.

(3)

During the week there have been indications that *Government's gesture* last week in raising the Imperial Bank Rate to 7 per cent, contracting a further Rs 3 crores, and accepting Treasury Bills at *very high interest yield rates*, is beginning to bave effect. Money Market rates have not altered to any great extent, and *the best offering* for Call and Short notice was 2 per cent, but there was a better demand for deposits and up to 3 per cent was offered for one month and $4\frac{3}{4}$ per cent. for two months. The market continues to work on the smallest possible *floating balance* and *Exchange Banks as a whole are only just not "in" the Imperial Bank*, and any improvement in trading conditions must lead to a very increased demand for funds and *a consequent rapid tightening in rates*

But trade shows little signs of real reviving, and until that materialises Banks will continue to work on the bare minimum of balances and there will only be *spasmodic temporary squeezes* leading to *"wind up" tactics* such as was experienced during the early part of October On the other hand Exchange Banks are getting anxious regarding their positions for November, December and January and have been better sellers during the week, and although *Government's buying rate for sterling* was raised in mid-week to *1s* 5 29/32*d* *there are already tentative sellers to Government at the rate* One must, however, in taking stock of the present situation bear in mind that approximately Rs $17\frac{3}{4}$ crores Treasury Bills mature between now and the end of March, and also that up to November 2, *Government had only remitted £13 million (inclusive of £$7\frac{1}{2}$ million transferred from the Paper Currency Reserve) which leaves little short of £20 million to remit during the next $4\frac{1}{2}$ months*

The Pioneer.

1. Explain the italicized parts in your own words

2 What was the Government's gesture last week as referred to in the first paragraph ?

3 Write a short note on "Government Sterling Remittances."

(4)

Such is the position of world finance at the moment—but to turn to the direct and possible effect of the rise in the Bank of England Rate on India. Theoretically there should have been marked weakness in the rupee exchange on Friday and Saturday; but *contrary to theory* the rupee exchange remained steady in Calcutta at 1/5 27/32 and barely lost 1/32 in Bombay At first sight *it is difficult to understand the Rupee's capability of withstanding a rise in London money rates to 6½ per cent*, when Call Money is available in fair volume in Bombay at 2½ per cent and in Calcutta at 2¾ per cent and, even after examining the position, one is forced to the conclusion that *the present strength may be shortlived* But to revert to the reason for the Rupee's present power of withstanding an event, which theoretically should have produced immediate weakness.

The answer can be given in a few words Owing to the recent *stagnation in trade*, the lateness of the Jute season, etc., and an outlook for the future, which does not encourage a belief in any very marked revival in trade —Exchange Banks have reduced their funds in India to the minimum required to finance what little trade there is going The surplus of funds is small, but although enough for present requirements (which accounts for the existing level of money rates) is not sufficient to allow of any transfer of funds to London *however attractive money rates there may be compared to India* There has been no rush therefore to transfer funds to London—with a consequent weakening in the rupee exchange—because there are no surplus funds to transfer. Furthermore – certainly as far

as Calcutta is concerned—meagre export business has recently just about balanced equally meagre import business; and *so long as Banks are able to get their required extra difference between remittance and export bills and so long as the one just balances the other, there is no reason for them to lower the rate at which they are prepared to sell on London*

So long as the demand for remittance is balanced by exports—the exchange will not be affected by the rise in the Bank of England Rate, and the only difference will be that shippers of Indian produce and manufactures *will pay more for their finance* But if an excess demand for remittance springs up and Exchange Banks are asked *to take up an oversold position*—they will certainly not draw 6½ per cent money from London, without considerably lowering their selling rate It has been previously stated that the reason why the Rupee Exchange did not weaken on Friday and Saturday was because there were no surplus funds available to remit to 6½ per cent. London "*Surplus Funds" should have been qualified by money market and Banks' surplus funds.* And there may be funds belonging to firms and institutions with Head Offices in London which may be called in by London during the next week or ten days. Decisions as to the movement of such funds take longer to materialise than those applying to Bank funds, and *a heavy demand for sterling on this account might conceivably spring up in the next few days and swamp temporarily at any rate the slightly reviving export activity.*

The Pioneer

1 Rewrite the italicized portions in your own words

2 Make a precis of this extract

3 How does a rise in the Bank of England Rate ordinarily affect the rupee exchange, and why during the week under review a contrary effect was in existence?

(5).

The result of the working of this year's loan is explained by Mr Taylor, Comptroller of Currency. The loan itself consisted of two series: (1) *A five per cent. loan (1939-44)* and (2) *five per cent bonds.* As *a safeguard against capital depreciation* the Government offered to accept the 1939-44 Loan at its issue price as equivalent of cash in subscriptions to any future loan having a currency of ten years or more and maturing after July 15, 1944. As a further insurance against the risk of capital depreciation, a sum equal to 1½ per cent. of the amount of loan outstanding at the close of the preceding financial year will be set aside each financial year to form a fund which *will be primarily used to support the loan in the open market* when its quotation falls below the *issue price.*

Subscriptions to the loan were payable in cash, treasury bills or *six per cent. bonds, 1930, 1931 and 1932.*

All the three series of bonds *could be converted into the long term issue*, but the 1930 Bonds could also be converted into a short-term issue, *subject to the proviso that at least an equal amount had been tendered for conversion into the 5 per cent Loan (1939-44).* Bonds were accepted as equivalent of cash in subscription to the loan at Rs. 102, Rs. 103-2, and Rs 104-2 respectively, *per Rs. 100 nominal value of bonds tendered.*

Interest on bonds tendered for conversion was paid up to June 30, 1929, irrespective of the date of tender Treasury bills were accepted in subscription to the loan at their face value less a discount of 4 per cent. per annum in case of three months' bills and 4¾ per cent per annum in case of nine months' bills on the unexpired portion of the currency of the bills

The loan was opened for subscription on June 20, 1929. In the loan notification it was announced that *the maximum amount of cash subscriptions that would be received was*

Rs 12 crores (nominal) for the long term loan and Rs. 15 crores (nominal) for the short term bonds, but that either issue would be closed, at the option of Government, to cash subscriptions at any time before June 28 if the subscriptions to both the loan and the bonds, taken together, reached a total of Rs 18 crores (nominal) *Subscriptions in the form of 6 per cent. bonds were unlimited.*

The Pioneer.

1. Explain the phrases italicized.
2. What safeguards did the Finance Member adopt against the capital depreciation of the New Loan ?
3. Enumerate the conversion rights offered to the holders of 6 per cent bonds
4. Differentiate between Funded debt and Unfunded or Floating debt

(6)

The announcement made during the week under review that Government would call for *tenders* for treasury bills next week, did not come as a surprise to the money market, which had been expecting such an announcement for the past two weeks *The innovation of 12 months bills*, however, came as a distinct surprise to a large portion of the market. The success or failure of this innovation remains to be seen, but one fears that offered as they are without any extra inducement or bait (in the form of a concurrent issue of 3 and 6 months treasury bills, which could be taken in a certain proportion to 12 months bills), and with *conditions in the London market as obscure and intense as they are* —12 months bills are not likely *to meet with any very marked response* It seems generally recognised that Government will have to pay between $5\frac{1}{4}$ and $5\frac{1}{2}$ per cent. per annum, and at this rate, of course, a tax free investment which has no chance of capital depreciation and can if necessary, be discounted before maturity, certainly seems extremely attractive. One has however to consider from

what sources funds can be drawn for investment in this class of security.

It is of course far more attractive than a Bank deposit for 12 months, but the class of money which goes on deposit for 12 months with the Banks, *is ruled out to a very large extent by the minimum denomination of the 12 months treasury bills* which is Rs 25,000. Had Rs 5,000 and Rs 10,000 denominations been included there is no doubt that 12 months bills would have attracted a fairly extensive volume of those funds usually placed on deposit with local banks for 12 months. *It is questionable however whether* such a move would have been expedient *as it would certainly have put the backs up of the Exchange Banks.*

The minimum denomination of Rs 25,000 therefore rules out the small investor There remain the large individual investor, the insurance companies, merchant houses (which include jute mills, etc) and the *exchange banks.* There will probably be applications from the first named and to some extent from the second; but it is doubtful whether under existing conditions the last two named sources can be tapped to any extent Merchant houses do not carry any volume of funds seeking employment for 12 months They either want a *long term investment for capital and reserves* or short term investments to carry them over seasonal or other periods of trade slackness

One then comes down to the exchange banks from whom the major portion of treasury bill tenders might be expected to be received There is no doubt whatever that these hold a large volume of surplus funds at the moment; but these funds can only be expected to be surplus for three, four or at the most five months more When trade eventually revives *the present floating funds will disappear into thin air* Exchange banks want a short term invest-

ment for their present surplus funds and it was for this reason that a bait of this sort was suggested.

At $5\frac{1}{2}$ per cent however, exchange banks by an *arbitrage operation* could draw funds from London and *with exchange rates for various forward deliveries at their present level, 12 months treasury bills at say $5\frac{3}{8}$ per cent per annum could be made a very profitable investment, but only on condition that the funds drawn from London can be calculated at being worth not more than say $5\frac{3}{8}$ per cent. per annum during the whole of the next twelve months.* Under the present conditions the basing of money in London as being worth not more than 5 3/8 per cent per annum during the next 12 months is a gamble, which very considerably reduces the attractiveness of the above proposition One is therefore drawn to the conclusion that the response to 12 months treasury bills, as they are being offered next week, may not be very satisfactory

The Pioneer.

1 Explain the italicized phrases in your own words

2. Why is the issue of 12 months treasury bills not likely to meet with any satisfactory response ?

3 Write a short essay on ' Treasury Bills "

4 Can you explain why merchant houses do not as a rule carry any large volume of funds seeking investment for 12 months ?

(7)

At the opening of the week *there was a steady undertone* in the exchange market, due chiefly to the fears that Government would raise their buying rate for the sterling to *1s.* $5\frac{29}{32}d.$

Ready remittance was quoted at *1s.* $5\frac{27}{32}d.$ and at this rate banks were keen sellers. *But there was little or no buying inquiry in evidence.*

The forward rates were steady to firm in sympathy with the steadier undertone for the near position, and business was done for January-March at *1s* $5\frac{13}{16}d.$

Bills were quoted at 1s 6 $\frac{7}{32}$d for one or two mails, but banks were reluctant to make any concession in rates or deliveries, *despite the lower trend of London discounts* which were quoted at 5 $\frac{2}{3}\frac{5}{2}$ per cent

There was little business offering, but there were indications that any revival in the export business would lead to a fairly sharp firming up in rates

The steady undertone was accentuated by the government raising their buying rate for the sterling on Thursday to 1s. 5 $\frac{2}{3}\frac{9}{2}$d and the rate for the ready remittance advanced to *1s 5$\frac{7}{8}$d* while *bills could not be placed better than 1s. 6 1/8d for the mail* Money was in better demand and the call and short notice commanded 2 per cent. while the banks were willing to pay 3 per cent for the 1 month's deposits and up to 4$\frac{1}{2}$ per cent *for the 3 months' money*

Tenders for rupees one crore for the 3 months' Treasury Bills were accepted at *an average rate of Rs 5 6·3 per cent* and tenders for a further one crore of rupees are called for the next week.

The Pioneer.

1 Explain the italicized phrases

2 What is the difference between ready, near and forward positions ?

3 Are the forward rates of exchange higher or lower than the ready rate throughout the year ?

4 State in your own words the usual relation between the rupee rate and the money rates

(8)

Turning to events in the Indian Money Markets ; we find the *Imperial Bank of India rate* was raised to 6 per cent. as from October 10 when " Cash " stood at Rs 27,99 lakhs and the *Percentage* was 31 62. The figures mentioned are sufficient proof that, as far as the Imperial Bank's position was concerned, there was no justification for any rise in the Bank rate ; and it may be further argued that

as *exchange rates had shown no signs of collapsing after the rise in the Bank of England rate*, there was no justification for the rise in the Imperial Bank rate as a means of supporting a falling exchange

Despite any justifiable reason for the rise in the Bank rate, the Money Market accepted the rise *with equanimity* The subsequent Bank statements for the weeks ended October 11 and 18 show Cash Balances and Percentages of Rs 2,490 lakhs and 28 85 and Rs 2,704 lakhs and 31.03 respectively The rise in the Imperial Bank rate however, exerted a very considerable indirect influence on Money and Exchange rates During the first week of October there had been a considerable withdrawal of funds to *the Jute Districts* and the surplus Money Market balances had been considerably reduced "Call Money" and "Fixed Deposit" rates showed signs of hardening and there was a general feeling that at long last the combined effects of "Contraction," "Deflation" and *the denuding of the Money Market's resources through Treasury Bills* were beginning to take effect, and that at any moment there would be a very sharp rise in rates

The Pioneer.

1 Explain the italicized phrases

2 Why is the rise in the Imperial Bank Rate regarded as unjustified ?

3 What is the effect of a High Bank Rate on the money and exchange markets in India ?

(9)

The chief influence was of course *the check to the flow of gold and credit to the United States to participate in the colossal speculative boom* and to take advantage of *the fantastic "Short Money" rates ruling in New York*, and the probability of, at least, *a gradual liquidation and repatriation of funds which had already been remitted to New York*.

During the fortnight under review, the check to any continued flow of European funds to New York has been complete, while the liquidation of European credits already in New York and the repatriation of such funds has steadily increased The causes of this withdrawal of funds from New York must be attributed firstly, to the drop in "Short Money" rates in New York, which took place concurrently with the rise in the Bank of England Rate —secondly, *as part of the aftermath of the "Hatry Collapse"* which led to the necessity of a general strengthening of cash balances in London and *consequent liquidation of speculative holdings on Wall Street*—and thirdly, to the increasing fear that "*The Wall Street Bubble*" *was about to burst*

The combined effect of these three causes has led, during the last two or three weeks, to a colossal withdrawal of European funds from New York and to *a most spectacular appreciation of sterling in relation to the Dollar*; while it is not stretching imagination to any great extent to suggest that the rise in the Bank of England Rate, followed by the "Hatry Collapse" have been the initiating causes of the present "Wall Street Debacle" No one doubted that *the "Wall Street Bubble" had been blown almost to bursting point*, and also that *it could not have been stretched to its fantastic dimensions without the assistance of European gold and credit.* It therefore follows that any marked indications that European credit was being withdrawn, would naturally increase the fears—that already existed in the United States - *that the time had come to call a halt*

The final result, at any rate, has been the apparent beginnings of a definite collapse in the United States *speculative mania*, which for the last year has completely disorganised the finances of the world. Whether the recent collapse in Wall Street will continue and will lead

to a release, on a large scale, of the abnormal share of the world's supply of gold, which the United States has attracted to herself during the last few years remains to be seen. But as far as London is concerned the Dollar-Sterling rate is nearer *the gold import point to London* than the gold export point, and it is quite possible that *the present influences will more than outweigh the much talked of "seasonal drain"* on London and may quite possibly *swing the pendulum* to such an extent that gold will begin to move from New York to London during the very height of the recognised autumn drain on London

The Pioneer

1 Rewrite in simple words the italicized expressions.

2 What were the causes which led to the withdrawal of European funds from New York ?

3 Write short notes Hatry Collapse," "Wall Street Bubble," and "Dollar Sterling Cross Rate"

(10)

The Money Market was under the influence of the usual end of year movement of funds *and as is usually the case, money was in good demand over the end of the year for "window dressing"* There seemed however to be something else behind the very keen demand which was noticeable for short accommodation, and it is doubtful whether the high rates paid *for over the turn of the year money* and for one to three months deposits was entirely due to the seasonal demand, which one expects during the last week before the Christmas holidays

There is no doubt that during recent years the newer Exchange Banks *have had a greater say in the floating surplus of funds* and that it has become increasingly easier for them to obtain deposits from the big merchant firms at a rate only fractionally higher than the *open rate* quoted by the larger and older established banks. This has resulted in the older banks either losing their money, or

being forced to protect it by paying the competitive rates quoted by the newer banks and finally in the general open market rate being on a higher level than it used to be, when competition for merchant firms' funds was neither so keen nor successful

This influence however has not accounted *for the undercurrent of real firmness* which has been noticeable in the Money Market and one must look to the delicate and somewhat obscure situation in Bombay Locally the rate for Call Money was nominally quoted at 3 per cent, *but 4 per cent was the open rate for accommodation over the holidays* and ¼—1 per cent. over this rate was reported to have been paid in emergency

In Bombay, however, *Call Money was reported done* from 5 per cent., which was apparently the open market rate, up to 6 per cent Only telegraphic reports were received in this market before the close and it is not known *whether the exceptionally high rates were an indication of the actual market or were merely rates paid in emergency by the smaller foreign Banks* The fact the Banks were buyers of sterling at 1 6 5/64 in Bombay—which means they were willing to remit funds to London, in which market they would only command 4½ per cent.—would seem to indicate that the tightness of money in Bombay is somewhat artificial

But against that, one must put the violent set back in Government Securities which emanated from Bombay and the fact that, although at the close there was some recovery, Bombay has been a steady seller of Government Securities It is felt in some quarters that the financial situation in Bombay gives cause for considerable anxiety and *that the tightness of money is a reflection of the serious condition of affairs which may develop there* For the present one can only "wait and see" but it can be safely predicted that money will be tight until the middle or end of the first week of the New Year.

The Exchange market has been dull and listless and under the influence of stagnant trade and the obscure money situation already referred to. The general tendency has been quiet, with Banks more inclined to buy at 1-6 1/16 than to sell at the rate; but at the close the undertone was firmer and although 1 6 1/16 for Ready T T. was not available in the market—*this was largely due to the fact that Exchange Banks know that they can sell to Government at this rate clear of brokerage* Forward positions as *reported in the Exchange and Money Market Report* were quiet and the market appears to have definitely reached the point *at which the premium on forward positions has disappeared and the discount for positions forward of mid-February commences to increase. Whether or no a premium is warranted for say 15-31 January over the ready rate remains to be seen* and it is possible that *Banks may regret purchases of January at 1 6 1/16 should money tighten appreciably next month, as seems more than probable*

The Pioneer.

1 Explain the italicised parts and recast the last portion of the second paragraph beginning with the words This has resulted .. ..

2 What fact in the above passage suggests that the tightness of money in Bombay was somewhat artificial?

3. Comment on the statement "For the present......New Year" occurring in the 4th paragraph.

4. Write a note on "Window-Dressing."

(II)

During the early part of the week it was abundantly evident that Exchange Banks by means of sales of sterling to Government had drawn more funds from London than they could employ under the existing stagnant trade conditions and money was offering freely *without finding borrowers over 1½ to 2 per cent for call and short notice*

With a 6½ per cent. bank rate in London, it was therefore not unnatural that there should be a marked tendency

to return the surplus funds to London and exchange rates were in consequence quiet on the basis of 1*s* $5\frac{3}{16}d$ for Ready remittance with *interbank business reported done on the basis of* $\frac{5}{8}\frac{1}{4}$.

Forward rates followed the quieter tendency for the near position and January February fell to 1*s* 5 $\frac{29}{32}d.$, March-April to $\frac{1}{8}$ and the next monsoon to $\frac{27}{32}$

With advices of rather easier discount rates in London, the few Export Bills offering *were also easier to place* and banks were inclined to make the concession not only apply in deliveries but also in rates. *Business was, however, of a retail nature only on both sides of the book*

Thursday and Friday were Exchange Bank holidays and the meeting of the Imperial Bank took place on Wednesday evening The publication of the decision to raise the Imperial Bank of India rate to 7 per cent. despite the abnormal case in the money market and the extremely high cash and percentage figures, as shown in the statement, caused greater surprise and indignation in the market than the concurrent announcement *that rupees three crores currency had been deflated against ad hoc securities*

On the following day cables from London reported a drop in the Bank of England rate to 6 per cent and later in the Federal Reserve rate to 5 per cent On Saturday the market opened with a steadier undertone for the near position and although the rates remained unchanged on the basis of 1*s* 5 $\frac{13}{16}d.$ for Ready remittance, it is probable that 1/32 higher will be available on Monday.

Bill rates were little changed despite a drop in the London discount rates to $5\frac{3}{4}$ *per cent.* In spite of the rise in the Imperial Bank rate, money continued easy and call money was offered at the close on Saturday at 2 per cent with business actually done at $1\frac{1}{2}$ per cent.

The Pioneer.

1 Explain the italicized portions

2 What can be the probable cause of a further contraction of currency during the week?

(12)

The position in the Money Market would tend to indicate that the financing of the jute crop this year will have little effect in Calcutta, despite its size and increased value There were some signs last week of money being a little more usable, but during the current week, although there has not been quite so much pressure to lend, *borrowers have been less inclined to take anything except deposits which have a chance of being usable towards the end, at least, of their term* In the Exchange Market the drop in London Discount Rates has had the effect of preventing any rise in the rate for Ready remittance, *as Banks have been able to take the increasing supply of bills at a narrower margin than heretofore* Ready remittance has been quoted at $1/6\frac{3}{32}$ throughout the week, but it has been noticeable that $\frac{1}{32}$ higher has been available off and on, for delivery at the end of this month Should export business in jute develop, *it is doubtful whether despite the case of money Banks will be able to absorb any large volume of bills without recourse to sales to Government The forward position in exchange is an enigma*, and *with exporters disinclined to book for forward deliveries, the reason for the present firmness of forward deliveries is obscure* Despite this, *December January after reacting to* $1/6\frac{3}{16}$ *was available at the close of the week at* $1—6\frac{7}{32}$ and business is even reported to have been done for March as high as $1/6\frac{3}{16}$

(Alld B Com 1926)

1 Rewrite the portions italicized

2 Make a precis of the passage and supply it with a suitable heading

3 Why is the forward position in exchange an enigma?

STOCK AND SHARE MARKETS.

CHAPTER V.

INTRODUCTION.

A share market or stock exchange is an institution for the purchase and sale of securities representing monies lent for a longer period. A money market, as already explained, is an organisation through which money seeking short term investment is dealt with in other words the term is used collectively for the various banks and other financial institutions of the country A stock exchange or share market, on the other hand, facilitates the investment of funds for a longer period, by providing the necessary machinery for the purchase and sale of securities representing long-term investments The commodities dealt with on the stock exchange are Government securities, debentures and shares of companies. Each type of security in which business is carried on represents a particular ' section ' of the share market

It is important to remember that there is a very close connection between the money market and the stock exchange Cheap money or a low rate of interest ruling in the money market means a high price of stock exchange securities, dear money or a high rate of interest implies depressed prices all round on the stock exchange. Thus we see that money conditions exercise a very important influence on the share markets of a country. Besides this, however, there are other factors which govern the prices of stock exchange securities These are political situation existing at any particular time in the country, safety of money invested, the risk of capital depreciation, previous dividends paid by companies along with their future trade

outlook, and the volume of speculative business in the market

The business on the stock exchange is usually transacted through brokers known as "stock and share brokers" A person who wants to buy or sell certain securities can do so only through a recognised broker. The transactions in stock exchange securities may be of two kinds (i) *Spot* or *for cash*, (ii) *Forward* or *for the account*. In the first case the transaction is completed at once or in a few days; while in the other the delivery and payment are both postponed to a future date On all organised stock exchanges the forward business done is settled on certain fixed dates known as "Settlement Days"

In India share markets are found in the principal business centres, such as Calcutta, Bombay, Madras, Karachi and Rangoon, but the Stock Exchanges of Calcutta and Bombay are the most important

The Calcutta Stock Exchange —"For many years the Calcutta Share Market had its meeting place in various gullies in the business quarter and was under no control except that of established market custom In 1908 the Calcutta Stock Exchange Association was formed, a building was leased in New China Bazar Street now called Royal Exchange Place, a representative committee was formed, and the existing trade customs were focussed into rules drawn up for the conduct of business Admittance as a member of the Stock Exchange is by vote of the committee, and the entrance fee is at present Rs 500. The market custom differs very materially from that of most other Stock Exchanges since there are no settlement days, delivery is due the second day after the contract is passed and sales of securities are effected for the most part under blank transfers. Another difference in procedure

as compared with the London Stock Exchange is that there are no "Jobbers" in the Calcutta market. The dealers who take their place more or less are not compelled to quote a buyer's and a seller's rate and are themselves brokers as well as dealers, calling upon the Banks and other clients and competing with brokers."*

The Bombay Share Bazar. "Under the Bombay Securities Contracts Control Act (Bombay Act VIII of 1925) the Native Share and Stock Brokers' Association of Bombay, which has for a good many years been the main institution for dealing in shares and stocks, becomes the first institution recognised by Government for the purpose of the said Act. It consists of about 450 members."* The powers of these brokers are defined by rules framed by the Board of Directors and approved by the general body of brokers. At first the admission fee for a broker was only Rs 5, but it has been gradually increased. In 1921 a number of brokers' cards were sold at Rs 40,000 each.

"Unlike the London Stock Exchange, the members of the Association are not divided into two distinct classes, namely, Brokers and Dealers. A member may deal with other members on account of his constituents as a broker or may act with his constituents as principal. Different types of contracts have been required under the rules to suit the nature of the transaction.

Dealings on the Exchange are of two types (1) Ready, and (2) Forward. The scrips which are admitted for dealings on the Exchange are divided under these two main heads. As a rule shares like Banks, Railways, preference shares of joint stock companies, debentures, partly paid ordinary shares and ordinary shares which have not earned any dividend are placed on the Ready list; whereas

* Times of India "Indian Year Book."

the Forward list mainly consists of ordinary shares of joint stock industrial concerns which are either dividend earning at present or have earned dividends in the past Ready business is settled 7 days after the conclusion of the transaction The usual practice is for the buyer to pay the agreed price to the seller 7 days after the receipt of the duly executed transfer and share certificate.

Forward business which goes under the name of Vaida business is settled every month The settlement of forward transactions is effected through the agency of a Clearing House which is managed by the Bank of India, Ltd, Bombay Considering the tremendous volume of business passing on the Forward Market, the Clearing House has proved a very welcome agency in facilitating the settlement of this type of business The usual practice is for members to submit at the end of each settlement to the Clearing House a list of the number of each of the scrips dealt in on the bazar showing the balance of scrips to be delivered or to be received as may be the case; differences to be paid or received are also passed through the Clearing House.

Besides ordinary buying and selling of scrips, a large amount is carry over, or what is technically called here "Budlee Business" is put through at the end of every settlement A buyer who had bought shares for a certain settlement and does not like to take delivery of the shares, wishing at the same time to carry forward his position, has to arrange budlee of these shares, that is to say he instructs his broker to sell these shares for the settlement for which they were bought and buy back the same shares for the next settlement The charge he will have to pay for this facility depends upon the state of that particular market, whether that market has been predominantly bull or bear. If it happens that a large bull position has been, taken in that scrip he may have to pay budlee which would

far exceed the rate of interest justified by the ruling conditions in the money market. On the other hand, if the market happens to be short in that scrip, the buyer receives what is called "Backwardation", that is to say, he buys back the same shares for the next settlement at a price which is lower than what he sells his shares for the current settlement. The budlee business is made possible by the interest taken by genuine investors who are prepared to invest their money from month to month provided they get a decent rate of interest."*

Share Market Reports—Daily and weekly reports of the business transacted on the stock exchanges and the price movements of the various securities appear in the leading English newspapers of the country. These reports are usually divided into several paragraphs, each para describing one particular security The Calcutta share market reports deal with the following securities:—Government securities, Investment securities (*i e*, debentures and preference shares), Bank shares, Railway shares, Cotton shares, Jute shares, Coal shares, Tea shares, Miscellaneous shares (*i e*, shares of Electric Supply Companies, Engineering Companies, Flour Mills, Paper Mills, Steamship Companies, Sugar Mills, etc, etc), Rubber shares and Tin shares. The Bombay reports on the other hand adopt the following order —Government securities, Cotton shares, Miscellaneous, Banks, Railways, Cement, Manganese, Shipping, Engineering, Insurance, Electric Supply, Hydro Electrics, Tata Iron and Steel, and Rubbers

It will be seen from the above that the Calcutta reports follow an order in which the various securities are stated in order of soundness—the soundest, the most stable and the least speculative being dealt with first, then the next

* Pat Lovett "The Mirror of Investment."

best, and so on This arrangement of the market reports is useful to the readers, because an investor who is interested in one particular security can at once locate it in the report without having to wade through the whole of it before finding out what he wants

CHAPTER VI

Terms and Phrases.

Nominal or face Value.—It is the amount stated on the face of the security In the case of shares of companies, however, the share certificate mentions both the nominal value of a share and the amount actually paid thereon by a shareholder

Market Value—This is the price of securities at which holders are willing to sell, and the purchasers prepared to buy them The factors affecting the prices of securities have already been briefly mentioned in the previous chapter When the price of a security is the same as the nominal value, it is said to be *at par*; if it is lower than the nominal value, it is said to be *at a discount*; and if it exceeds the nominal value, it is *at a premium*

Yield—It is the actual percentage which the income derived from a security bears to the amount invested. For example, if a 4% Debenture of the nominal value of Rs 100 is purchased at the market price of Rs 80, the yield of the investment would be 5 per cent. *Flat yield* of an investment is the income obtained from the interest alone, disregarding any profit or loss on redemption *Redemption yield*, on the other hand, means the income from interest plus or minus the profit or loss on repayment of the security. For instance, suppose you purchase a 5% Debenture of the nominal value of Rs. 100 at 90 and it is repayable in 10 years at par Then the flat yield from this investment is Rs 5-8-10 per cent, and the redemption yield would be Rs. 5-8-10 plus so much as would amount to Rs. 10 in 10 years if invested annually at 5% interest.

It is the redemption yield which constitutes the real income from an investment

Investment demand—Demand for securities made by persons who intend to hold them as an investment for the purpose of earning income, and not with a view to reselling them at a profit.

Speculative demand—Demand coming from persons who want to purchase certain securities with the object of reselling them at a profit whenever their price rises They do not want to hold them as an investment They acquire them not for the regular income obtainable, but for the profit they may be able to make on resale.

Scrip—A common term used for any kind of security, such as Government paper, debentures and shares The term '*stock*' is also used in the same sense

Counters, Issues or Units—These terms are employed in share market reports for shares of companies

Marketable securities.—Those securities which are capable of being sold in the open market For example a share in a private company is not a marketable security, because it cannot be sold to any one

Government securities—Promissory notes, bonds and treasury bills issued by Government for monies borrowed from the public

Gilt-edge securities.—Securities which give the investor the greatest possible degree of safety, in other word first-class securities The term is used exclusively for government securities.

Investment securities—Those which from an investor's point of view may be considered sound both as regards repayment of capital invested therein and as regards income to be derived therefrom. They rank next to government

securities in point of soundness, and include debentures and preference shares Sometimes however the shares of banks and railway companies are also included in the term.

Trustee securities —Securities in which trust funds can be legally invested, *i e*, those in which the capital remains quite safe. These consist of municipal and port trust debentures

Industrials —Shares of industrial companies, as opposed to banks and railways

Speculative counters – Shares in which considerable speculative business is carried on in the share bazar

Bull —A speculator who buys forward with the object of selling again at a profit before the settlement day. When a commodity has been heavily bought by bulls, we say that a *bull account* or *bull position* exists in that commodity

Bear.—A speculator who sells forward in the hope that before the settlement he will be able to buy at a lower price in order to give delivery, and thus make a profit on the difference When bears sell a commodity heavily, there is said to be a *bear account* or *bear position* in that commodity

Stag —A person who subscribes for the shares of a company with no intention of holding them as an investment, but simply for selling them as soon as their market price is favourable

Bull liquidation.—A bull purchases a commodity for forward delivery and anticipates a rise in its price, so that he may be able to sell it before the delivery date, and thus make a profit on the deal. But in case his judgment turns out to be wrong and the price begins to fall instead of rising, he is faced with a loss; and under such circumstances, he may commence selling at once instead of wait-

ing any further Such sales are therefore known as '*bull liquidation*' or '*unloading by bulls*' and they lead to a depression in prices

Bear covering.—A bear sells a commodity for future delivery in expectation of a fall in its price, so that he may buy it again before the settlement in order to fulfil his promise But contrary to his expectation the price may rise He will then be forced to start buying Such purchases by bears are called '*bear covering*' and their general effect is a rise in prices There is said to be an 'open' or 'uncovered' bear account, when a speculator has sold what he does not possess and what he has not yet acquired by purchase

Bear squeeze. Sometimes the heavy sales made by bears pass into the hands of persons who know that there is a bear account in the market The latter therefore secure as much supply as they can, and then demand a very high price before the settlement The bears under such circumstances are forced to cover themselves at whatever prices they can, otherwise they cannot give delivery on the due date Therefore whenever the bears are landed in such a difficult position, there is said to be a '*bear squeeze.*'

Bull campaign —When a big bull position has been reached in any commodity, and the bulls try to bring about artificial rise in its price by circulating in the market most favourable views regarding it, so that they may be able to unload it at a profit, there is said to be a '*bull campaign*'

Bear raid —When a bear account exists in any commodity, and the bears attempt to depress its price by spreading in the market unfavourable news about it, such an action on the part of bears is known as '*bear raid.*'

Options —An option is a right to ratify or cancel a contract within a given time, the terms of which are settled

at the time when the option is given. The grantor of an option receives a fixed amount by way of premium from the purchaser of the option, in consideration of keeping the contract open for a specified time. If the price fluctuates in such a way as to make it profitable for the holder of an option to exercise it, he will do so, if not he would lose the money he paid for the option. The right to buy from the person granting it a certain commodity at a fixed price within a given time is known as a "*call option*," while a right to sell is called a "*put option*" A "*double option*" or "*put and call option*" for which double premium is usually charged gives the grantee the right to sell or buy a certain commodity at a stated price within a fixed time

Carry over or Budlee.—A speculator who has bought or sold a commodity or share for forward delivery may be unable to pay for it or to deliver it on the settlement day, and therefore he may desire that the completion of the transaction be postponed to the next settlement This is called 'carry over' or 'budlee' from one settlement to another

Budlee charge and Backwardation —See Chapter V.

Arbitrage operations —These consist of purchasing a commodity in one place and selling it in another, when its prices in the two places are different

Ex divided.—(x.d). This abbreviation when affixed to the price of a share means that the dividend accrued is not included in the price of the share, that is, the buyer will not get the dividend about to the paid. Prices of shares are usually quoted x.d at or near the time when the dividends are declared Ex interest (x i) is used in connection with the prices of debentures and other fixed interest securities, and implies that the price is exclusive of the interest accrued.

Ex new.—Sometimes the shares of a company carry with them the right to subscribe for new shares in the same company at a lower price than that at which they are offered to the public Therefore ex new (when attached to the price of a share) means that the buyer is not entitled to any such right

Ex right or privilege —This term when employed in connection with the price of a share implies that the purchaser is not entitled to any special right or privilege attached to the shares he is buying *e.g*, the right to participate in any bonus distribution

Ex all.—Sometimes the shares carry with them both the above privileges and some others Therefore ex all means that the buyer is deprived of them all

s l. or s o l (small lots or small odd lots) These abbreviations are often attached to price quotations and indicate that only a small business was transacted, and therefore the quotations given may not be taken as a fair indication of the price movement.

' In the absence of sellers of *rupee rubbers, dollar scrips* were active.

Rupee rubbers —Shares of Rubber companies having their capital in rupees

Dollar scrips —Shares of companies having their capital in dollars.

. *There has been quite a pronounced buying enquiry and the leading counters all show signs of hardening*

There has been a good demand, and the prices of all well-known shares are likely to rise

' *Mill shares opened weak, but rates advanced sharply due to brisk bear covering, and closed firm.*

At the start the prices of mill shares tended to fall, but later they rose sharply owing to heavy purchases made by bears in order to cover their previous sales ; and at the close they were firm

Burra Dhemo after re acting to Rs. 12 4, rallied to finish at Rs 12-14.

The shares of the Burra Dhemo Company first fell to Rs 12-4, but at the close rose to Rs. 12-14

Port Shippings improved to Rs. 25 4, *but shed some of the advance later*

✓ *But .....later* —But afterwards the gain in price was partly lost.

Electric Supply issues have been fairly active, Rawal pindi, Dacca and Patna being perhaps the most live counters

Many transactions have taken place in the shares of the Electric Supply Companies, and the shares of Rawalpindi, Dacca and Patna Companies have perhaps been the most active

Among *Engineering descriptions* the main feature was a further weakening in Indian Iron and Steels to Rs. 16 4 and a sharp decline in Bengal Irons to Rs 12 8, *the latter in sympathy with a lower London market*

Engineering descriptions —Shares of Engineering Companies

In sympathy . market —Because the price of the latter shares was also lower on the London Stock Exchange

On a rise in the price of lead to £25-10 0 per ton, *Burma Corporations became a strong enquiry*, the price touching Rs 12 8-0.

Burma.. ...enquiry.—There was a good demand for the shares of the Burma Corporation

There appears some possibility of most short dated issues being marked down to yield 5% clear of tax Exceptionally $3\frac{1}{2}$% Paper continues in good investment demand in small lots

It is possible that the prices of government securities, repayable after a short time, will fall so much as to give to the investor an income of 5% after taking income-tax into account Contrary to this, however, the $3\frac{1}{2}$% Paper has been demanded in small quantities by investors

The rise was much too rapid to be healthy and the setback last week confirms the opinion.

The advance in price was so quick that it could not be stable, and therefore there was a fall last week

In the week before *it was coals which were in the ascendant* and last week it was jutes; confidence seems to have returned and *the market has gone from strength to strength*, though on Thursday last and again on Friday *a certain amount of profit taking was in evidence*

It was .....ascendant.—The coal shares were rising in price.

The market......strength.—The prices continued to rise

A certain .....evidence.—Some persons, who had previously purchased securities, began to sell them in order to make a profit

As far as the chief speculative counters are concerned, *business has been rather brisk but mainly confined to jobbers' operations*

Business .... operations.—Many transactions have taken place between the dealers themselves and not with the public

Government securities have been a very depressed market and naturally so. It is surprising that prices did not give way to a greater extent than they did on the announcement of the increased bank rate *This is probably due to the technical position of $3\frac{1}{2}$% paper which is heavily oversold, but under existing conditions ready paper should soon be available.*

Government .....market.—The prices of Government securities have fallen considerably

This is .....available.—That prices did not fall as much as they should have done is due to the fact that speculators have sold the $3\frac{1}{2}$% Paper for forward delivery in larger quantities than they have by now acquired, and they have therefore to make heavy purchases in order to cover themselves, thus arresting the natural decline But because they demand only for forward delivery, the supply for ready delivery should soon be forthcoming for the public.

Even *Bombay Dyeings* which had risen to Rs. $902\frac{1}{2}$ in expectation of a Rs. 50 dividend have since declined to Rs. $881\frac{3}{4}$, *now that this distribution has been confirmed* This is only natural under present conditions, *as a buyer on margin is not excited with a distribution of about 6% on his money when he is paying his banker from 9 to 10 per cent. for accommodation.*

Bombay Dyeings - Shares of the Bombay Dyeing Company.

Now that ...confirmed —Although this dividend has now been sanctioned by the shareholders in general meeting.

As a buyer... accommodation —Because a person, who is not keen to buy shares, cannot be persuaded to acquire them in view of the fact that he would be receiving therefrom an income of only 6%, while he has to pay 9 or 10% on the monies borrowed by him from his banker.

The miscellaneous section has suffered most and particularly our old favourites, Tata Iron and Steel issues, the sport of the bears in times of adversity and the leader of any upward movement when the financial and labour barometers are set fair.

The greatest fall has been in the prices of shares which are included in the miscellaneous section of the market, and particularly the shares of the Tata Iron and Steel Company These Tatas suffer the heaviest decline in a falling market and are therefore gladly purchased by bears who have to cover themselves , and they also rise most when there is a general advance in prices brought about by easy money conditions and absence of labour troubles

The present shake-out of weak accounts will give the new comer an excellent opportunity of buying cheap shares.

The failure of weak bulls to hold on, and the consequent sale made by them have led to increased supply and lower prices of these shares Therefore the new buyers will be able to acquire them at a cheaper price.

Steamer issues were relatively steady until the close when Bombay Steams *slumped* to Rs. 216-14 and brought *Scindias* down with them to Rs 12-5.

Steamer issues —Shares of Steamship Companies

Slumped —Fell in price

Scindhias —Shares of the Scindhia Steam Navigation Company.

New Indias were not affected by the general weakness and *the company must have netted a fair amount of profitable business* insuring against riot and civil commotion during the past fortnight

New Indias —Shares of the New India Insurance Company

The company... ..business —The company must have secured a good deal of paying business This has reference to the Bombay riots

Prior to the rot which set in in the market on Thursday manganese issues had been the weakest section but they have maintained their rates

Prior ...Thursday.—Before the general depression in prices which began on Thursday

Jutes have been an *irregular market* and with the public for the most part still *sitting out and looking on*, transactions have been confined largely to *inter bazar dealings*; towards the close however a little more *investment inquiry* has been noticeable and prices all round on Tuesday were appreciably firmer

Irregular market —Prices rising or falling in quick succession

Sitting out and looking on—Keeping out of the market, that is, not purchasing, and waiting for a fall in prices

Inter-bazar dealings —Transactions between the dealers on the stock exchange and not with the investors

Investment inquiry —Demand from investors

Anything at all stand out has been placed without difficulty at full rates; the trouble however is to find scrip of this nature

Anything...... rates —First class securities have been easily sold at good prices

This market was absolutely bombarded with selling orders "at best"

In this section there were many sellers who wanted to dispose of their holdings at any prices which could be obtained

There is still an *under current of inquiry* for first-class stocks, but little scrip is available

Under-current of enquiry.—Some possible demand

On the whole *the prevailing market sentiment last week was bearish*, and *there has been little encouragement to bull operators, public interest* being conspicuous by its absence.

The prevailing...... bearish.—The general tendency of the market was towards low prices

There has ..... operators—The bulls have been disappointed by falling prices, because they cannot sell their holdings at a profit

Public interest.—Public demand.

With the lower level now obtaining for all government securities, *buyers have naturally not found seller's ideas of prices of Port Trust and other loans coincide with their ideas of values.*

Buyers ......values—The buyers think that the prices of Port Trust and other loans demanded by the sellers are too high.

These shares seem an attractive speculation at the current level

It appears to be profitable to buy these shares at the present prices.

Temporarily the fall appears to have been arrested, but we believe that *long-dated securities* will be on offer for some time. Naturally business is difficult to put through in a market, *which expresses nothing but bearish sentiment* and with the present money market stringency.

Long-dated securities—Government loans repayable after a long period

Which . ...sentiment—Where the current idea is that prices would fall.

An optimistic feeling is in evidence in the Bazar, and it appears that the top level of prices has not yet been reached.

The market thinks that prices would rise further and therefore the present prices are not the highest

Among industrials conditions are quiet and there have been few bright spots.

There has been practically no business in the shares of industrial companies, and consequently there are hardly one or two shares which show any appreciation in value

The easier money conditions reported last week have continued *and this had had a stimulating effect on investment stocks.*

And this ......stock —And this fact led to an appreciation in the price of investment securities

There has been very little *outside support* for jute shares and *market operators* have shown no keenness to deal.

Outside support —Public demand.

Market operators —Dealers and brokers on the stock exchange.

On the other hand there is no tendency to press sales, holders being content to sit out and await events in view of the sound statistical position (Tea).

On the other hand there have been no forced sales of tea shares The holders thereof have not shown an anxiety to sell, but rather they are waiting for better prices which are expected owing to the favourable statistical position of the tea commodity.

Shares are now standing at decidedly *attractive levels* and purchases at current rates should show satisfactory *capital appreciation* within a reasonable period.

Attractive levels —Prices favourable to buyers

Capital appreciation —Rise in values.

Business in *gilt edged descriptions* has been considerably handicapped by lack of buyers.

Gilt edged descriptions —Government securities.

Handicapped —Restricted

The undertone remains healthily optimistic, but there may be further profit taking *before quotations register any further improvement.*

The understone........optimistic —The future tendency of prices appears to be in favour of sellers

Before .... improvement —Before prices show any rise

Mill shares were steady to firm on bear covering.

Mills shares or industrials were rising in prices, because bears were purchasing them in order to provide cover for their previous sales

The prospect of a general strike in the Lancashire mills was another bull factor

Another reason why prices may rise is the possibility of a general strike in Lancashire mills This extract has reference to the shares of Indian Cotton Mills

Despite the dullness which overhangs the physical rubber market, shares may be reported steady

Although the condition of the rubber commodity market is dull, yet the shares of rubber companies are not showing any tendency to fall

The obvious steadiness in this share seems to be due to an uncovered bear account

Why the price of these shares is not falling is accounted for by the fact that these shares have been sold by bears, who have not yet covered themselves by purchasing enough of them, and therefore they have to acquire them now, thus preventing any fall in values for some time

All the *six per cent. near dated tax free Bonds* are being asked for at improving rates.

Six per cent . . Bonds —Tax free Government loans carrying six per cent interest and repayable in a few years

This section of the market has for the most part presented a neglected appearance

There has been practically no business done in these shares

The following shares appear to have *look-up possibilities*

Look-up possibilities —Possibilities of rising in price

Banglore Banks came in for enquiry at about par.

The shares of the Banglore Bank were demanded at par.

This section has, *after a spell of activity*, been dull, Madura Mills (Rs. 100) weakened and were easier at Rs. 380 ; there are now no buyers above Rs 370. Kaiser-i-Hind (Rs. 10) slumped still further to about Rs. $3\frac{3}{4}$ with no buyers

After......activity —After a period of active business.

The sellers were somewhat reserved at the close.

The sellers were rather reluctent to sell, because they expected the prices would rise

The market closed on an easier tone with buyers looking on.

The market closed with a tendency of lower prices, because the buyers had adopted a waiting attitude

Home Railway appear idle and uninteresting with a sagging tendency Two or three jobbers have we learn recently deserted this market being lured away by the superior attraction of Kaffirs

Home .. . tendency —There was not much business done in the shares of the British Railways, which were therefore tending to fall in values

Two......Kaffirs —Two or three jobbers on the London Stock Exchange have left the Home Railway market and gone over to the South African market (or Kaffir circus) because the latter offers them better opportunities of doing business The term " kaffirs " stands for the shares of the South African Mining Companies

More business would have been completed *had sellers' and buyers' ideas of rates more closely coincided*

Had .... coincided —If there had not been much difference between the prices demanded by the sellers and those which the buyers were prepared to pay

Cheviot are higher at Rs 331 while Aukland and Bally *have both gained ground at* Rs. 320 and Rs. 321 respectively

Have......at —Have risen to

This section has been dull and although there has been *no marked "give" in rates* sellers have had difficulty in completing their orders

No . ...rates —No appreciable rise in prices.

Any improvement in the commodity market should therefore be quickly reflected in share values

Any rise in the commodity prices should raise the prices of shares.

Electric Supply issues have been a centre of dealings, with Jubbulpore commanding Rs. 13, Patna Rs 17, Rawalpindi Rs 19, Cuttack 6 annas premium and Shahjahanpur Re. 1 premium

Electric... . dealings —Many transactions have taken place in the shares of Electric Supply Companies

At the finish most shares are on offer at the slightly higher prices touched Exceptionally Howrah have given way from Rs. 57 14 to Rs 57-4, *but this is partly attributed to a fresh release of share scrip from investment account.*

But this .. . account —But this is partly due to the fact that investors have further sold their holdings of shares

Railway shares were idle, a deal in Hoshiarpur-Doab at Rs 83 8 being the only marking.

There was no business in Railway shares except one transaction in the shares of the Hoshiarpur Doab Railway at Rs 83 8-0

Most of the buying during the past fortnight has probably been on *averaging account*

Averaging account —The holder of a security, of which the market price has fallen, may lessen his loss by purchasing more of the same security, and thus decrease his *average* cost price

The strength of Southern Malayan Tin shares is gratifying to those who have followed my advice to retain tin shares *as a speculative lock up*

As a speculative lock-up —As a permanent investment which may rise in value

As a permanent investment holding, these shares appeal to me as first rate things *to put away for future appreciation.*

To put .....appreciation —To retain for some time with a view that their price would rise.

Notable in the *Home Railway market* recently has been the activity and strength of Great Westerns *This has occurred to the accompaniment of talk* that the dividend, when announced, may show an increase over that for the corresponding period of last year. If this proves to be the case, one can reasonably anticipate appreciation in the price of the Consolidated Ordinary stock, now standing round 85¼ A purchase now should, over a period, turn out well, for one can hardly be under the impression that the market for Home Railway stocks will remain for ever depressed. Perhaps, when all the dividend announcements are out, improvement will occur *Sharp rises should, however not be looked for*

Home Railway Market —The shares of British Railway Companies

This has... talk —This has been brought about by the rumour

Sharp... . looked for —Sudden appreciation in prices should not, however, be expected.

This week rubber shares have moved up a few pence in a general sense, but if *the autumn revival* is really to mature,—and market men are confident that it will, then the present is a good time to buy *The floating supply is small,* for existing holders are holding on In this they are wise

The autumn revival —The rise in prices during the autumn, due to money being cheap in that season

The floating .. ..small—The number of shares offered for sale is not large

There was a further strong recovery on the Stock Exchange today, *many issues advancing to above the levels prevailing before the break which followed the advance in the rediscount rate Sentiment throughout the day was distinctly*

bullish and was helped by indications of a plentiful supply of credit at easier rates.

Many .....rate —The prices of many shares became higher than what they had been before the general depression which was brought about by a rise in the Federal Reserve rate

Sentiment... ..bullish —Throughout the day the sellers had an idea that prices would rise

The *Industrial market* opened weak, prices being marked down generally, particularly those of dollar shares and others *in which the New York market is interested Later, however, there was a rally, led by the Gilt-edged market, and assisted by some support at the lower levels from New York.*

Industrial market —Shares of industrial companies

In which .....interested —Which are bought and sold on the New York Stock Exchange

Later .....New York —However afterwards there was a recovery in prices due to appreciation in Government securities and the appearance of some demand from New York

The news of the rise from 5 to 6 per cent in the New York Federal Reserve Bank rate came as a surprise to the Stock Exchange yesterday, and during the first half hour *markets were in a very uncertain state* Prices were lowered generally, *movements in leading Industrial shares,* particularly those of an international character, *being very wide.* Shortly after midday, when it became known that a statement of a reassuring nature had been made by the Bank of England to the discount market, *the Stock Exchange took a distinct turn for the better and prices at the close stood at the best of the day, although the whole of the leeway lost in the morning was not made up It was noticeable that the early period of nervousness failed to bring out much stock in any department, a fact which showed that the technical position of markets is healthy*

Markets... ..state —The tendency of the prices in all sections of the Stock Exchange could not be ascertained

Movements ...very wide.—The prices of well known industrial shares fell sharply

The Stock Exchange..... made up.—The tone of the market improved and the prices ruling at the close were the highest during the day, although the total fall in prices which took place in the morning was not fully recovered

It was......healthy.—It was found that the general weakness in prices which occurred in the morning could not induce sellers to increase the supply available for sale in any section of the market, and this shows that the supplies are in the hands of strong men who will not be frightened out by any ordinary fall in prices and therefore the prices are not likely to weaken much

Several factors made for a firm tone on the Stock Exchange yesterday, among them being the recovery in New York and *the commencement of a new Account of normal duration*. *British Funds*, while a quiet market, experienced a general rise, *oversold positions assisting the movement*, while Home Railway stocks were also generally firmer, *the strength of "Brums" being the feature*. In the Industrial market dollar shares opened with sharp rises which were either maintained or increased in the course of the day, while other shares under the American influences, notably General Electric, opened and closed with sharp rises. Tobacco, textile, and margarine shares were firmer, and *a general recovery took place in Oil shares in sympathy with Wall Street*

Several......yesterday.—Yesterday the prices on the Stock Exchange tended to rise and this was due to several causes

The commencement .....duration.—The beginning of purchases made by a speculator who intends to hold on for some time

British Funds.—Securities issued by the British Government

Oversold .. ..movement.—The upward tendency of prices was helped by bears who had to cover their heavy sales

The strength .. . feature.—The main rise was in the stock of the London and North-Western Railway

A general......Street.—The shares of Oil companies rose generally and this was due to the fact that these shares were firm on the New York Stock Exchange

CHAPTER VII

SPECIMEN REPORTS

I.

Bombay, May 9, 1929

Government Securities.—Coincident with the suspension of the sale of Intermediate Treasury Bills, a steadier tone has developed in the Government security market, although business is still more or less negligible. Ready $3\frac{1}{2}$ per cent is scarce, and the rate has improved to 72-5, 5 per cent. 1945-55 was done up to Rs 102-15, and a small inquiry for 5 per cent 1933 was satisfied at 100.14. 4 per cent 1960 70 was asked for at Rs. 84-5.

India Sterling Loans are lower on the week's trading.

Nine months' Treasury Bills have now been taken off but tenders for one crore of 3 months' Bills will be received on May 14.

It is thought that the New Loan will make its appearance earlier than usual this year

The Imperial Bank of India rate was reduced to 6 per cent. to day

Cotton Mill Shares.—During the three days on which the market was open, *mill shares were steady to firm on bear covering*, the market taking the view that there are possibilities of the strike being settled or broken before long. *The prospect of a general strike in the Lancashire Mills was another bull factor From an investment point of view, however, we see no reason for recommending a purchase of mill shares.*

Miscellaneous.—A few bright spots have been noticeable in this section, but business generally is on the quiet side:—

Banks.—Imperial fully paid have been in request up to Rs 1,420 with practically no scrip offering, Bank of Indias were done at Rs 101, Barodas are wanted at Rs 77, whilst Easterns have improved to Rs 92. Centrals are unchanged at Rs 20-14.

Railways —Taptis were sold down to Rs 629-6, closing slightly better at Rs 632½. Prantej have sellers at Rs 762½, whilst Central Provinces continue to be absorbed at Rs 96, Larkhanas are scarce with the price better at Rs. 89.

Cements.—Under the head of Katni (Ord) *which show a gain of 15 points at Rs. 221-4* on a rumoured final dividend of 9 per cent. Bundis and Punjab (Ord) have improved in sympathy to Rs 19-2 and Rs. 11-8, respectively, with rather better business being transacted. Gwaliors and United Cements are dull at Rs 97 and Rs 80, whilst there are sellers of Shahabads at Rs 147½

Manganese continue to be neglected C I M 's are Rs. 7-8 and Shivrajpurs Rs. 18 12.

Trams and Telephones —Tram (Prefs) are on offer at Rs. 65¼, with the Ord steady at Rs 137 8. Business transpired in Telephone (Ord) up to Rs 56¾, with buyers still unsatisfied The Debentures were done at Rs 56-12.

Shipping —Scindias after easing to Rs. 9-10 are now in demand at Rs 10¾ Steamers have also improved to Rs. 212½, with the (Prefs.) scarce at Rs 215.

Engineering —McKenzies are offering at Rs. 140. Tata Constructions have buyers at Rs 50, whilst Alcocks show a further gain at Rs 291-4

Insurance.— New Indias are in keen demand at Rs. 222¼, other shares being neglected.

Electric Supply shares are as usual in short supply, and buyers are finding difficulty in obtaining their requirements :—

Hydro Electrics.—Andhra Valley (Ord) have steadied at Rs. 580, but there are still sellers of Tata Power (Ord) at Rs 435. Hydro (Ord.) are quoted at Rs. 1,132½.

Tata Iron and Steel shares are now steadier, April production was no better than 31,493 tons finished steel, of which 1,695 tons were rolled from foreign billets.

Rubber shares—Movements in London Stocks this week resulted in an increase of 367 tons Stocks now stand at 31,580 tons against 22,919 tons on Nov 3 last and 52,015 tons on May 5, 1928.

Commodity prices have shewn a slight tendency to improve on the week, spot being ⅝ up at. 10¾*d.* and July-Sept. ¼ up at 11.

The Statesman.

Nine months' .....taken off—The issue of nine months' treasury bills has been suspended

Mill .. . covering—The prices of industrial shares were increasing on account of purchases made by bears in order to cover their previous sales

The prospect .. . factor—Another reason why the prices of Indian Cotton Mill shares are expected to rise is the possibility of a general strike in the Lancashire Mills

From an .. ..shares—Investors are not advised to buy mill shares

A few .. ..side—In this section only a few shares have been active, otherwise business has been rather dull

Which show..........Rs. 221-4—Which have risen by Rs 15 to Rs 221-4

2.

Calcutta, December 12, 1928.

With the approach of the Christmas holidays, market conditions have remained extremely dull this week. Money

continues fairly plentiful, but " Call " is now unobtainable under $2\frac{3}{4}$ per cent.

The Cash Percentage of the Imperial Bank shows a marked fall at 17.92.

The Bank rate remains unchanged at 6 per cent

Government securities – A weak market has been experienced, chiefly owing to continued selling orders from Bombay $3\frac{1}{2}$ per cent paper has been marked down to Rs 72-9, the 5 per cent. 1945/55 Loan is now on offer at Rs 104-11 and the 4 per cent. 1960/70 Loan at Rs 84-13 Very little business has taken place.

We quote as follows —

				Rs.
$3\frac{1}{2}$% Paper	...	...	...	72/9
5% Loan 1929 47	...	...	...	99/11
6% " 1930	...	...	...	101/6
6% " 1931	...	...	...	102/7
6% " 1932	..	...	...	103/7
5% " 1933	...	...	...	101/1
$4\frac{1}{2}$% " 1934	...	...	...	96/14
5% " 1935	...	...	..	100/7
4% " 1931-36	..	...	...	92/13
4% " 1934 37	...	...	...	92/8
5% " 1945-55	...	...	...	104/11
$4\frac{1}{2}$% " 1955 60	...	...	...	94/2
4% " 1960-70	...	...	...	84/13
6% U. P. Loan 1931-44	..	...	...	103/10

Investment securities —First-class Debentures still command full rates but scrip continues scarce. Only one transaction has been recorded since last week, *viz*, 5 per cent Calcutta Port Trust new issue at Rs. 99.

Among Jute Preferences, Hukumchand continue on offer at Rs. 110. Anglo India Preferences recorded a transaction at Rs. 123.

In spite of a fair number of sellers, Imperial Bank shares have kept quite steady, the fully paids changing hands at Rs. 1,490 with the Contributories on offer at Rs. 368 Bengal Central Bank were quoted at Rs. 14 8 and Bank of India at Rs 101-12.

In the Railway section, there was a small list of transactions reported Bukhtiarpur Bihar changed hands at Rs. 102, Mymensingh Bhairab Bazar Rebate at Rs. 99, Shahdara (Delhi) Saharanpur at Rs 172, Baraset Basirhat at Rs. 87, Katakbal-lala Bazar at Rs 72 and Sara-Sirajgunj at Rs 94

Cotton shares.—Bengal Nagpur again accounted for most of the business done and the rate has now moved up, to Rs. 29 12 on unfounded rumours of an issue of bonus shares. Cawnpore Textiles changed hands at Rs. 1-10 There was a fair enquiry for Kesoram at Rs 4 and New Victoria were a little better at Rs 2 4 Dunbars were steady at about Rs 180.

Coal shares. Most shares in this section have again to be marked down and business continues very restricted. Burrakur Coal had buyers at Rs 11-4 and there was a fair inquiry for Equitable at Rs. 16-4 Bengal Coal, although maintaining the dividend at the same rate as last half year, have been marked back to Rs 380 Raneegunge were steady at Rs. 22-8. Amalgamated Coalfields show a small improvement at Rs 4 12.

Jute shares This section has been comparatively quiet and, *with very little outside support,* rates in most cases have come down. The easier tendency appears to be due partly to bazar apprehensions regarding the continuation of the new agreement and partly to the approach of the holiday season.

The speculative counters are distinctly easier, Howrahs declining from Rs. 55-4 to Rs. 54 and Clive from Rs. 41-10

to Rs. 40-14. National also show a small setback at Rs 32-12 *Most of the higher priced shares have been marked back about 5 to 10 points.*

Miscellaneous.—Engineering shares show little change Burn and Co have advanced to over Rs. 400. Indian Iron and Steel keep steady at Rs. 17 4 with Bengal Iron at Rs 15-8 Indian Galvanizing were again in request at Rs. 9-14 Marshalls have improved to Rs 2 9 Tata Iron and Steel shares were marked up sharply at the close, the Ordinaries moving up from Rs. 82, closing at Rs. 81-6

There was a moderate demand for Electric Power shares, Patna Electric, Dacca Electric and Rawalpindi Electric being the most favoured. Patna now have buyers at Rs. 16-4

Bengal Telephone Ordinary were marked down at one time to Rs 11 8 but improved later on to Rs. 11-14. Jubbulpore Electric keep steady at Rs. 13

In the Sugar section, Cawnpore were unchanged at Rs 19-4, while New Savan Sugar are, perhaps, a little better at Rs. 4 2

Burma Corporation had buyers at Rs 10 8 British India Corporation Ordinary have been steadily dealt in at prices ranging between Rs 4 and Rs. 4-4.

There was rather more enquiry for Flour shares, Bengal Flour changing hands at Rs 155 and Hooghly Flour at Rs 28-8.

Indian Wood Products have advanced to Rs 9 and there was a good enquiry for Madan Theatres at Rs. 3-10

Paper shares attracted more attention Bengal Paper came to business at Rs. 39-1 and Titaghur Paper Ordinary at Rs 10

Midnapore Zemindary are rather better at Rs. 130.

Tea shares.—Although rates remain quite steady, there has been less interest displayed. Bishnauth have fallen back a little to Rs. 36-4 ex dividend; Dessai and Parbuttia have been marked up to Rs. 480; Hasimara keep steady at Rs 43; Jaybirpara were on offer at Rs 29; Ledo a counted for a little business at Rs. 160; Redbank, Sungma, Tongani, Tezpur Tengpani and Tukvar changed bands at around last quoted rates.

Rubber shares.—During the week there has been good enquiry for Rubber shares and more transactions have been put through than for some time past. *Advices from the Straits indicate a firm market with very few shares offering.* Transactions have been put through in Ayer Panas it $6 60, Jimah at $145, Kluang at Rs. 7-4, New Scudai at $ 11.21, Telok Anson at $1.57 and Jeram Kuantan at $1 07½. Digwarrah were marked up to Rs. 15 and there are now buyers at Rs. 16 with no shares offering

Deliveries during the week amounted to 1,958 tons and London stocks show a further reduction of 338 tons to 16,517 tons The raw material closes at 8⅛*d.*

Tin shares This section continues featureless, and practically no business has been put through. Advices from the Straits indicate a quiet market with shares slightly lower in sympathy with the recent drop in the price of the raw metal to £227-15-0.

The Pioneer.

With very little outside support—With no demand from investors
Most of......points—Most of the shares having a higher market price have fallen by 5 to 10 rupees

Advices.. ..offering—News from Singapore (in Straits Settlement) shows that the rubber shares are tending to rise in that market and therefore there are practically no sellers of these shares The rubber

companies, whose shares are dealt in on the Calcutta Stock Exchange are of two kinds :—(1) those having a dollar capital and (2) those with a rupee capital The former are registered in the Straits Settlements and *the latter in India.*

3.

Calcutta, May 8, 1929

Extremely dull conditions have prevailed in all sections throughout the week, outside support being on a very minor scale.

Government Securities —There are few changes to report here, despite the fact that money is easier. There has been a fair enquiry for $3\frac{1}{2}$ per cent Paper round Rs *72/1* and for 5 per cent. 1945-55 tax free Loan round Rs *103*. The 6 per cent. short-dated Loans remain round last week's level.

Investment Securities —Quotations of Debentures and Preference shares have been few and business has been on a retail scale As much as Rs 90 per cent was paid for $5\frac{1}{2}$ per cent Bengal Club Debentures. *Small parcels* of Nuddea Jute, Associated Hotels of India and Titaghur Paper Mill Debentures were placed at quoted prices. There has been increasing support for Imperial Bank shares ; the fully paids touched Rs 1,422-8. The Contributories are steady at Rs. 351 A parcel of Allahabad Bank Ordinaries came into the market and was disposed of at Rs, 310.

Rather more interest was shown in Railway issues and Shahdara Delhi jumped smartly to Rs. *176*. There are buyers for Mymensingh Guaranteed and Ghaparmukh Silghat, but sellers are out of the market.

Coal Shares.—There are no improvements to record and in one or two cases prices have slipped back. Burrakur are again quoted round Rs. 14 Bengal Bhatdee declined

to Rs 5-12. New Beerbboom after changing hands at Rs 16 4 came on offer at less money. Standard are slightly easier at Rs $60\frac{1}{2}$

Cotton Shares —In this section prices remain steady, but interest is very limited Dunbar are quiet at Rs 230 while Bengal Nagpur were not much dealt in and remain round Rs 31/8. Kesoram are back to Rs 5

Jute Shares — *The Settlement in the Hessian market last week passed off more satisfactorily* than was expected and this had a cheerful influence on prices in the manufactured goods market, which in its turn reflected on Jute sbare prices and produced a firmer tone

Budge Budge were perhaps the best feature and the price improved sharply from Rs 550 to Rs 593. Delta, from Rs. 562 a week ago, close at Rs 578 *Fort William improved 10 points on the week* Albion at Rs. 407, Alliance at Rs 545 and Auckland at Rs 320 all gained ground • Reliance are in demand at the close at Rs 84 8

Though the undertone is fairly cheerful, it does not appear likely that share values will improve further to any considerable extent in the near future The outlook for next year has been clouded by the prospects of a big jute crop and it seems fairly certain that the mills will have to be content with smaller profits in 1930

Tea Shares —There bas been a fair business done under this heading Prices in almost every case have moved in buyer's favour

The first auction sale of the season in Calcutta is awaited with considerable interest It appears to be expected by the trade that prices will open on a lower basis than last year.

Miscellaneous — Electric Supply issues continue to be a firm feature There were good buyers for Patna, Benares,

Rawalpindi and Shahjahapur. Bengal Telephone Ordinary and Preference shares were taken in fair quantities.

Engineering shares remain steady. Indian Iron and Steel moved within narrow limits round Rs 16. *Bengal Iron received some support at Rs 11-12* and Burn and Co. Ordinary improved slightly Rs. 370.

Paper issues were irregular—Bengals had sellers at Rs 42 and Titaghurs went firmer to Rs 14 8.

Sugar shares were not much dealt in, Champarans being the best spot at Rs. 12-10.

Shipping stocks were dull, with the exception of India General Navigation which advanced 20 points to Rs. 210 on news of a substantial increase in profits for the year ended December 31 last.

Among other Industrials, business was mainly confined to British India Corporation Ordinary, Burma Corporation, Midnapore Zemindary and Calcutta Tramways. Prices show little change

Rubber Shares —This section still remains very quiet and there was only one transaction of note, namely, Utan Simpan at $2.86 ex dividend

Quotations from the Straits shew very little attention.

Rubber has advanced from $9\frac{3}{4}d$ to $10\frac{1}{2}d$ and buyers have come out for any first class shares at slightly below previous levels

Tin Shares —This section has also been idle but the raw metal records an advance from £197 2-6 to £208.

The Pioneer.

Small parcels—Small quantities

The Settlement .. .satisfactory —Last week the settlement of the hessian business transacted previously for forward delivery took place, and it was effected without any default on the part of any buyer or seller

Budge Budge......feature—The shares of the Budge Budge Jute Mill were the best in respect of price

Fort William...... week—The shares of the Fort William Jute Mill rose by Rs. 15 during the week

Bengal Iron...... Rs 11-12—There was some demand for the shares of the Bengal Iron and Steel Company at Rs. 11-12.

Paper issues were irregular—The shares of Paper Mills were sometimes rising and sometimes falling

Shipping stocks were dull—There was no business in the shares of Shipping companies.

4.

Although continued activity in coal shares overshadowed other sections, a fair amount of business was done last week on the Calcutta Stock Exchange Early in the week it appeared as though interest in coal shares had sagged, but towards the middle of the week the statement made in the Legislative Assembly by Sir George Rainy about wagons put heart into buyers and prices of most shares moved up considerably. Jute shares have been steady and a small turnover is reported, but there was nothing doing in cotton and tea, while business in the miscellaneous section was fairly brisk Dollar rubber shares have, despite enormous increase in values within the last few months, been bought in large numbers ; but *business was naturally restricted to the amount of scrip offering.* Weakness prevailed in the market for government securities but the fall was arrested forwards the close.

Government Securities—The position in Calcutta has once again been dominated by Bombay where, as the result of money stringency, *operators without exception took a pessimistic view of the situation* and *this market was absolutely bombarded with selling orders " at best."* As a matter of fact the actual amount of business put through on Bombay account was not great, investors on this side

naturally preferring to wait and see how much further prices were likely to drop before coming in. The government security market in Bombay is usually rather a panicky one and, at times like the present, *the "bears" have matters more or less their own way*; Calcutta, however, takes a much more sane and reasonable view, recognising that the extreme tightness of money is only a passing phase and that this is no reason to sell government securities practically for what they will fetch. A week ago $3\frac{1}{2}$ per cent Paper was quoted at Rs. 72-6; on Wednesday, last week, the low level of Rs. 71-8 was actually touched, but very little appears to have changed hands at this price, the market closing with buyers at Rs. 71-14. The 1945-55 Loan has had a further sharp fall; from Rs 103-12 last week it has come back to Rs. 103-4 and the 1960-70 Loan is about 4 annas down on the week, closing at Rs. 84. The various 6 per cent Bond issues have been responsible for quite a considerable amount of business at fairly steady rates.

Investment Securities.—Little has been doing in Industrial Debentures owing to the absence of sellers, but considerable lines of Calcutta Port Trust have been bought by investors, the demand having run chiefly on the various 5 per cent. issues maturing in 1946, 1956, 1957 and 1958. Details of the Calcutta Corporation new loan are now available. The Government of India have sanctioned a loan of 86 lakhs in all; out of this 86 lakhs, 30 lakhs has been reserved by the Corporation for their own investment leaving 56 lakhs for public subscription. The loan will carry interest at 5 per cent. and tenders have been invited for—(*a*) Rs 20 lakhs with a currency of 28 years, (*b*) Rs. 20 lakhs with a currency of 29 years, (*c*) Rs. 16 lakhs with a currency of 30 years. Each of these loans will have a separate sinking fund. It is too early yet to say what is likely to be the response from the investing public,

but the terms of issue will have to be made very attractive if the desired amount is to be forthcoming.

Banks.—Imperial Bank fully-paid shares are distinctly easier with sellers at Rs. 1,410 with little or no buying enquiry in evidence, the Contributory shares are asked for at Rs 350 and scrip is scarce. Bank of Indias have been done at Rs 100 ex dividend, but at the time of writing they are somewhat easier again with sellers at one or two points below this figure.

Light Railways.—Only a small turnover is reported at last rates

Cotton Shares—The position here is much as it was a week ago, there has been some investment buying of Bengal Nagpur at Rs 32 12 and Dunbars have changed hands at Rs 220, but the total turnover has been inconsiderable Dunbar Preferences are wanted at Rs. 200.

Jute.—The speculative counters have shown rather more irregularity than has been the case for some little time past; on Tuesday, last week, Howrahs touched the comparatively low level of Rs. 57-9, but the market rapidly recovered, *the price putting on about a rupee in the course of the next forty eight hours.* Clives and Nationals have both moved in sympathy, but the fluctuations in the case of these two shares have been inconsiderable Amongst the higher-priced stocks Anglo Indias have been dealt in fairly freely, the price having come back to about Rs. 490; Aucklands are easier at Rs 350 and Barnagores have shed a few points to Rs. 316. Champdanies have been rather a popular stock, considerable numbers have been taken off the market at Rs 185. There has been a little buying of Kamarhatties and Kanknarrahs but the total turnover in this section has not been large, attention having been diverted, as has been the case for some two or three weeks

now, from jute to coals The market for the raw material keeps quiet but steady, with perhaps a little more enquiry in evidence.

Coal shares. It rather seemed on Monday and Tuesday last week as if prices were likely to come back all round, and come back sharply; on Wednesday, however, confidence returned and once again speculators took a hand with the result that prices were forced up, in many cases, to higher levels than ever. *Burrakurs and Equitables may perhaps be taken as two of the "barometer stocks;"* on Tuesday, the former changed hands at Rs 14-12 and the latter at Rs. 22 At the close there were buyers at Rs 16 and Rs. 23-12, respectively Bengal coals have moved up from Rs 447 on Tuesday to Rs 484. Another very popular counter has been New Beerbhooms; from Rs. 16-8 these shares have moved to Rs 18-12, a rise which certainly does not seem justified Standards have been fully steady with buyers at Rs 65, Unions have been wanted round Rs. 20, Raneegunges are asked for at Rs 29, Naziras up to Rs. 14 4 and New Manbhooms at Rs 42 8 It has, however, been chiefly the lower priced stocks which have come in for attention and here some very sharp advances have been recorded; Amalgamated Coalfields have been taken at Rs. 9, Burra Dhemos at Rs 10-8, Churulias at Rs 2 2, Central Kurkends at Rs 15, Jainty Centrals at Rs 3-4, Mintos at Rs 11, New Tetturyas at Rs 2 2, Satpukuria and Asansols at Rs. 24 and so on Whilst we are quite satisfied that first class stocks are a sound and attractive investment, *we adhere to the opinion that the rise in the case of many of the lower priced shares is entirely unjustified on prospects*; when speculators take a hand, however, intrinsic values are usually lost sight of. The price of "spot" coal has again advanced, but this advance is no indication of any very great permanent improvement in the position; it is solely the result of acute

wagon shortage and when this rectifies itself, coal prices are bound to come back to normal The railway authorities are making every possible effort to relieve the situation, which at no time was quite so acute as in some quarters it was thought to oe.

Tea.—The turnover in tea shares has been unimportant; Patrakolas fetched as much as Rs. 1,146 ex-dividend, Bisnauths have been dealt in round Rs. 27, East Indias at Rs 19 and Singells at Rs 112 There is still an undercurrent of enquiry for first class stocks, but little scrip is available London advices indicate a fully steady market for the commodity; the local tea sales are, of course, at an end and will not be resumed until about the end of May.

Miscellaneous.—The demand for Electric Power Supply Companies continues, the enquiry having run chiefly on Dacca, Patna, Jubbulpore and United Provinces Holders, however, have not been at all keen to meet the demand Rawalpindis are on offer at Rs 18 with buyers at 4 annas less, Muttras and Shahjahanpurs are on offer without attracting attention Engineering shares have been fairly steady, though Burn and Company closed easier at Rs. 365. Indian Iron and Steels have been taken in fair numbers at Rs 17 4 and a few Standard nWagons have been taken off the market at Rs 46 Britannia Engineerings, Kumardhubis and Marshalls have all been dealt in. *The various Tata Iron and Steel issues have suffered a further severe set back, the result partly of "bear" selling by Bombay operators, coupled with rumours as to an unsatisfactory labour position at Jamshedpur* where the rival Labour Unions have been at one another's throats; the ordinaries have come back to Rs 66 8, and the deferreds to Rs 228-12 though the second preferences have kept remarkably steady round about Rs 80. *Flour mill shares are wanted, but are rather difficult to pick up*; British

India Corporations have hardly moved from Rs. 4-4, this company's report for last year being awaited with interest. Paper mill shares are still asked for, but only one transaction has actually been reported Midnapore Zemindaries have been in good demand there having been buyers of the shares at Rs 126 Shipping shares have continued in good demand ; India General Navigations were placed at Rs 197 and Bengal Assam Steams at Rs. 400 ; there are buyers in the market of Calcutta Steams and Calcutta Landing and Shippings at well over nominal rates, but sellers are completely out of the market The Cawnpore Sugar Company's report is not very encouraging ; the dividend for the year is 15 per cent and these shares seem to be fairly fully priced, therefore, at the current figures of Rs. 18 The directors of the company point out in their report that the production of sugar in 1928 was no less than $1\frac{1}{2}$ million tons over the 1927 figures, and with good crop prospect in Java no improvement in the price of the commodity is to be looked for—not a very rosy prospect, we fear, for the Indian sugar industry

Rubber shares.—Although a fair business continues to be done, the upward movement has been checked for the moment Prices, however, remain steady and there are buyers of good class stocks for investment account During the week transactions have been put through in Connemaras at \$2 45, Borellis at \$3 08, Jimahs at \$2.30, Telok Ansons at \$2 50, Kundongs at \$3 50, Kuala Sidims at \$3 80, Jeram Kuantans at \$1 64 and Digwarrahs at Rs 19 10 ex-dividend. Kluangs are in good demand at Rs. 11 but there are sellers at about quotation rates of Ayer Hitams, Balgownies, Indragiris, Colinsburghs and Jeram Kuantans. Deliveries during the week amounted to 1,585 tons and London stocks shew an increase of 248 tons to 25,005 tons. The raw commodity, after touching 1*s* $1\frac{1}{4}d$, closed slightly easier at 1*s* $0\frac{3}{4}d$

Tin Shares.—In the absence of business, this section calls for no comment. Block tin closed at £220-2-6.

The Commerce

Although......sections—Although the continued good business done in coal shares resulted in comparative slackness in other shares.

Business......offering—Business done was small owing to lack of supply of these shares

Operators .. ..situation—Every one thought that prices would fall

This market...... "*at best*"—Bombay operators offered their holdings for sale in this market at whatever price they would fetch

The "bears"... ..own way—The bears practically control the Government Security Market.

Only a......rates—Only a small business has been done on last week's prices

The prices......hours—The price increasing by about a rupee in 48 hours

Burrakurs and .. "*barometer stocks*"—The Barrakur and Equitable shares may perhaps be regarded as the true indicators of the price movement in the entire section.

We adhere .....prospects—In our opinion the rise of the lower-priced shares is not justified on the ground of the future trade outlook of the companies concerned

The various .. ..Jamshedpur—The various Tata Iron shares have further weakened owing to bear selling and the labour troubles at Jamshedpur

Flour mill . .. pick up—There is a demand for Flour Mill shares, but it is difficult to find sellers

5.

CALCUTTA SHARE MARKETS

On the Calcutta Stock Exchange, the chief features of the past week were the falling-off in the demand for coal shares and the sharp recovery in jutes, prices having advanced all-round. There was a little more enquiry for tea and certain industrial shares, notably in engineering and

electric supply sections *Cottons were, however, as dead as ever.* Government securities were steady with a small turnover reported The buying enquiry for Straits Doller Rubber shares have, it is said, been satisfied for the time being and prices are in consequence inclined to go a shade easier.

Government Securities. There was distinctly less doing in government securities; *but prices on balance show no appreciable change*, although here and there it has been possible to work at an anna or two below the previous week's rates Bombay has not been so active; in fact there has been very little business indeed offering from that quarter; in Calcutta there has been a fair amount of buying of the short-dated 6 per cent. Bonds, all of which have kept remarkably steady, $3\frac{1}{2}$ per cent. Paper is the turn better at Rs. 73-6 and there has been some little enquiry for the 5 per cent 1929 47 (taxable) Loan up to Rs 99 9

Investment Securities—Calcutta Port Trust Loans, more especially the 4 per cent 's, are asked for, and a fair business resulted last week, particularly in the issue repayable in 1974 *Calcutta Municipals are as difficult as ever to move, investors for months past having left this particular security severely alone,* the general feeling being that the Corporation of Calcutta is too much inclined to mix up politics with business. In *Commercial Debentures* only a few transactions have been recorded and these have been mostly in small lots There has been less doing in Preference shares, though any good issues which have been offering have been placed without much difficulty

Bank Shares—Imperial Bank shares have kept fully steady with buyers of the fully paid at Rs. 1,430 and of the Contributory at Rs 352. Bank of India shares continue to advance steadily and must now be quoted at Rs. 105 to a buyer. The report issued shows a remarkably

satisfactory state of affairs, though as the result of the conservative policy rightly adopted by the management, the dividend remains unchanged at 5 per cent per annum

Railways.—There has been perhaps a shade more enquiry for light railway shares. *Howrah Sheakhalas figured in the list for the first time for many months* and there are still buyers of these shares, though sellers do not seem anxious to operate; Howrah Amtas were taken at a drop of about Rs. 5 on the last rate and at the time of writing more are obtainable at the figures. The demand for this class of security, however, is only small and sellers are in the majority

Coals.—The remarkable activity which has been such a feature during the past two or three weeks has petered out, chiefly as the result of the increased attention paid to jutes; prices are mostly rather back from the top and it is now by no means such an easy matter as it was to place shares, though there is still a fair investment enquiry for some of the very best stocks at a slight reduction on previous high levels. The rise was much too rapid to be healthy and the setback last week confirms the opinion Bengal Coals have been offering down to Rs 410, but buyers have been completely out of the market since the beginning of the week; Amalgamateds are easier with sellers at Rs 7 4 and New Beerbhooms are on offer at Rs 13 4 without finding buyers Burra Dhemos are again with buyers at Rs 7. On the other hand, Bengal Nagpurs are wanted at Rs 68, Burrakurs have kept very steady indeed round Rs. 13-12, *Rs 57-8 is bid for Katras Jherriah without attracting sellers*, and Standards could probably be placed at Rs 60 were scrip available. Khas Jherrias are wanted at Rs 47 but there are sellers of New Manbhooms at Rs 40 8. Raneegunges are a shade easier at Rs. 28 8 and Sendras after touching Rs. 17-4 are back to Rs. 16 sellers. So far as the coal market is concerned, the situa-

tion is healthier than it has been for some little time past and it seems unlikely, therefore, that prices of good coal shares will fall away to any considerable extent.

Cotton.—There was some little activity in the lower-priced cotton shares, notably Kesoram, Benares Cotton and Silk and New Victoria, there being a distinct shortage of scrip of the last named. Muir Mills figured in the list for the first time for many weeks, business having been done at Rs. 317-8 ex the dividend of Rs 22 8 about to be paid Once again the Muir Mills Company has issued an extremely good report and it is pleasant to note that the directors indicate that conditions generally are more favourable than they have been for some time past.

Jutes In the week before it was coals which were in the ascendant and last week it was jutes ; confidence seems to have returned and the market has gone from strength to strength, though on Thursday last and again on Friday a certain amount of profit taking was in evidence Jute mill shares of all descriptions have been difficult to buy and prices all round were appreciable higher on the week. Why this sudden improvement should have come about is rather difficult to understand, though there are several factors which have a bearing on the position—the rather easier market for the raw material, a steady to firm hessian market with good business doing for the forward position, better export figures and rather more enquiry from consuming centres At the end of last week a certain amount of nervousness was in evidence on the report that America proposed to impose an import duty on hessians from the beginning of next year ; that this will ever actually be enforced is, we think, most improbable, certainly in its present form. Amongst the speculative counters, the chief feature has been the sharp rise in Howrahs from Rs 56-6 to Rs. 59-8 and in Clives from Rs. 42-4 to Rs 44, though both stocks have since gone easier. *There is no doubt that there is a*

big "short" position open in Howrahs, and the appearance in the market, after an absence of some little time, of one of the big bull operators seems to have been the signal for the bears to rush in to cover Another operator is reported to have bought a large block of Clives at Rs. 43 12 and this rumour has added strength to an already strong market Nationals have kept steady round the 34 rupee mark and Hukumchands round Rs 26; a large business has been doing in Presidencies round Rs 13, and considerable numbers of Waverleys have been bought on dividend prospects at Rs. 11. Amongst the 100 rupee shares there were some rather spectacular advances, Belvedere having gone from Rs 660 to Rs 680, Kamarhatty from Rs 745 to Rs 770 on the dividend announcement, Kelvin from Rs 970 to Rs 995 for the same reason and Orient from Rs. 333 to Rs 350, a remarkable rise when it is remembered that only about three months ago these shares were changing hands at Rs. 275 cum the 20 rupee dividend Unions, too, have jumped from Rs 820 to Rs 850, Naihatis from Rs 675 to Rs. 700 and so on, *though it was the Yule group generally which came in for most attention*

Crux of the Situation.—Many people enquire whether in our opinion jute mill shares should be bought, or sold, or retained at the present time, and these are questions which it is not altogether easy to answer *The crux of the situation*, as a well known firm of brokers see it, *is the ability of the signatories to the "60 hour week, no extensions," agreement to maintain it.* There is undoubtedly a desire on the part of some of the existing mills to extend their loomage, just as there is a desire outside to build new mills, but one cannot but feel that it is only the profits which the mills are making at the present time which is at the bottom of this desire to extend; were prices to come down substantially, we believe we should hear very little indeed about the extension of existing mills

or the erection of new ones. If the agreement can be maintained, then one may hazard the opinion that jute mill shares are worth present prices in view of the remarkable financial stability of most of the mills and the return on money invested even at current values. There is, of course, the risk that someone may break away from the agreement, and the whole fabric come tottering to the ground; were this to happen, there will be a very serious slump indeed in jute mill share prices. This risk, however, is one which can fairly be taken, inasmuch as the result of the break-up of the association would be fraught with such appalling disaster to the industry that one cannot imagine anyone will be found willing to take such a serious step. *That* appears to be the position in a nutshell

Tea.—Business in the tea section has been only on a small scale, but within the last few days there has been rather more enquiry in evidence as investors are beginning to appreciate that the statistical position is a good deal better than is generally realised. *So far, buyers have shown no particular keenness to increase limits,* but on the other hand sellers keep very firm in their ideas, with the result that both parties have found it difficult to come to terms. A few Bishnauths have been taken round Rs. 37-4, Central Cachars figure at Rs 85, Eastern Cachars at prices ranging between Rs. 14 and Rs. 14-12, Hattikhiras at Rs 26-8, Tonganis at Rs. 11-8 and Teloijans at Rs. 12-8 premium. There are still buyers of most really first class stocks, but sellers are taking no interest in view of the healthier outlook

Miscellaneous.—Most of the attention in the miscellaneous section centred round engineering and electric power supply shares. So far as regards the former, the feature has been the steady buying of Indian Iron and Steel with the result that the price has improved to Rs. 18-2. Indian Galvanisings have also been bought freely round Rs. 10,

whilst on rumours of an 8-anna dividend, buyers in number came out for Britannia Engineering with the result that the price has been taken from Rs. 4 to Rs 5-4. Bengal Irons are steady round Rs. 16-4 but only a small trade has been doing. Tata Iron and Steel issues have been easier, the public having taken very little interest. There has certainly been more buying of electric supply shares than has been the case for some little time, though scrip continues scarce Bengal Telephones have been in good demand up to Rs. 13-4, Dacca Electrics have been placed at Rs. 19 8 and there are still buyers at the rate, Rs. 16 ex rights is offered for Patna Electric old shares without attracting sellers, Jubbulpores are better at Rs 13-4 and United Provinces at Rs 133-8 ex dividend. For those who are looking for good sound investments and who are content with a moderate return on their money in the meantime, with every prospect of capital appreciation and a larger return in two or three years, the shares of sound electric supply companies are remarkably attractive. Quite a large business has been doing in British Ceylon Corporation, both Ordinary and Preference; Bengal Paper Mills and Titaghur Paper Mills are wanted, the price of the former having advanced to Rs. 44 and of the latter to Rs 12-4 with scrip scarce in both instances. Associated Hotels have been taken at Rs. 8-8 and are wanted at the rate; British India Corporations are a shade better at Rs. 4-5 with many buyers at an anna or two below this rate. Britannia Biscuits can be placed at Rs 4-4, Stuart and Company are firmer at Rs. 3-2 and there has been quite a fair amount of buying of Walford Transports up to Rs. 2-8 Midnapore Zemindaries can be placed at Rs. 135-8 and Muthrapore Zemindary at Rs. 3. Shipping shares continue in good demand though scrip is as scarce as ever; India Generals are better at Rs 195 and buyers would be willing to pay Rs. 375 for Bengal Assam Steams were they available. Sugar shares are as difficult as ever to move,

though there has been a little doing in Carew and Company and Cawnpore Sugar.

Rubber Shares.—Business in the rubber section has been on a considerably smaller scale and, due to profit-taking share prices have shown a tendency to fall back slightly from the highest levels recently touched. It was only to be expected that after the recent sharp rise a tendency to take profits should develop but a well known firm of share brokers do not anticipate any appreciable set-back and in fact regard the present as an excellent opportunity of picking up good class shares. During the week transactions were put through in Colinsburgh at $3.75, Connemara at $2.10, Glenealy at $2,05 ex dividend, Jeram Kuantan at $1.48, Kluang at Rs 9·12 and Digwarrah at Rs. 20 ex dividend. Colinsburghs are on offer at $3.60, Kempas at $3.35, Sungei Tukang at $1.03 and Jeram Kuantan at $1.48. Kluangs have buyers at Rs. 9-8. Deliveries during the week amounted to 1,256 tons and London stocks show an increase of 966 tons to 25.389 tons. The raw material closed steady at 11*d*.

Tin Shares.—In the absence of business the tin section calls for no comment. Block tin closed at £224-2-6.

BOMBAY SHARE MARKETS.

On the Bombay Stock Exchange last week there was nothing of note doing in government securities and the tone can be described as steady. No factor is apparent to make for any decided movement, either way, in quotations. The usual moderate investment enquiry continues and buyers have to pay full rates for small lots. Money conditions are firm with some banks offering 6 per cent. per annum for three months' deposit.

Cotton Mill Shares.—As far as the chief speculative counters are concerned, business has been rather brisk but mainly confined to jobbers' operations. *Most of the*

Fazulbhoy group of shares show an improvement, Pabaneys quoting $217\frac{1}{2}$ Gokaks are $127\frac{1}{2}$. Sassoon silks changed hands at $67\frac{1}{2}$ E. D. Sassoon are on offer at 0-9-3. *The exchange was closed for settlement from Thursday until Monday last.*

Miscellaneous Shares.—In this section the turnover continues disappointing This is not to be wondered at in view of the present unsettled state of the town and the rioting that has taken place Business cannot proceed normally unless Government suppresses the communist element.

Bank Shares.—Arising out of revival of talk of the Reserve Bank Bill, Imperials show a rather easier tendency with sellers at the quotation. Barodas are offered at 77 c d. and Centrals change hands rather frequently around 22-6 c.d *Several buyers are out for India Banks* at 103 c.d. but there are no shares offering under 103 8.

Railway Shares —Quite a number of bargains have been marked in this section. Prantej show a further drop of 30 points but Taptis are up 25 points Central Provinces have sellers at 99 whilst Mandra Bhons were done at 71·4. Upper Sinds were done at 85.

Cement Shares.—Quotations here are mostly unchanged. Exceptionally Indians show a rise to 342-12.

Manganese Shares.—Both Shivrajpurs and C I.M's have eased further to 20 2 and 8-14, respectively

Shipping Shares —Very little business has transpired with Steam quoting 236-14 and Scindias 12-14.

Engineering Shares.—In this section, nothing of importance can be recorded Alcocks are 337-8. McKenzies 212 8 and Tata Construction $54\frac{1}{2}$

Telephones are scarce at 55 with the Debentures at $56\frac{3}{4}$ Bombay Trams are unchanged at 151·14 as are Bombay Burmas at $807\frac{1}{2}$ and 285.

Oil Shares.—British Burma Petroleums are steady at 4 13 x d. but Attocks after rising to £3 5 are quoted at £3. *An exchange into Anglo Persian Oils around 4 10 might be made for future appreciation.*

Insurance Shares —No change of note can be recorded. New Indias closed at 22, Jupiter at 10 12 and Vulcans 6-14.

Electric Supply Shares.—Both Ahmedabad and Karachi Electrics report an advance over last week and closed at 132-8 and 145, respectively.

Hydro Electric Issues.—Apart from some enquiry for the Preference Stocks of all three companies, there is little doing and prices have moved within narrow limits.

Iron and Steel Shares —Public interest in both Indian and Bengal Iron continues and buying has advanced quotations to 18-2 and 15-4, respectively.

Tata issues are dull and we expect lower prices unless speculators recommence their interest soon. At present there is next to nothing doing, *only some good works output figures assisting a steady tone to the ordinary and deferred*

Rubber Shares.—The London stock figure appears to be gradually creeping up, being cabled at 25,389 All centres report firm share markets Some speculations must show good profits which are worth taking in view of the uncertain outlook

The Commerce.

Cottons……eres —There was absolutely no business in Cotton Mill shares.

But prices……change.—When compared with last week the prices are unchanged.

Calcutta………severely alone.—It is extremely difficult to place Calcutta Municipal Debentures, because the investors' demand for them has ceased for several months past.

Commercial Debentures—Debentures issued by companies, as opposed to those issued by public bodies such as a Port Trust.

Howrah-Sheakhalas......months—After many months a transaction in the shares of the Howrah Sheakhalas Railway Company took place during the week

Rs 57-8-0......sellers—Rs 57-8-0 is offered for the shares of the Katras-Jherriah Coal Company, but there are no sellers at this price

In the week......evidence—In the week before the coal shares were steadily rising in value, and last week the jute shares were doing the same. Investors have regained confidence in the latter shares which have therefore gone on rising, though on Thursday and again on Friday heavy sales of these shares took place, which might lead to a decline in their prices.

There is..... to cover—It is certain that speculators have sold large quantities of the Howrah Jute shares for delivery in the near future, and that they have not yet covered these sales. Therefore they have been forced now to purchase these securities in order to fulfil their engagements, because a bull has just commenced heavy purchases; and unless they do so now, they may not be able to secure what they require.

Though.. ...attention—Though it was the shares of the jute mills managed by Messrs. Andrew Yule & Co, which were demanded most

The crux......maintain it—Everything depends on whether the jute mills which are parties to the Jute Mills Agreement will be able to observe the terms thereof. The agreement referred to provides that the signatories will have a 60 hour week and will not extend their businesses.

So far......limits.—So far the buyers are not prepared to offer better prices.

Most......improvement—There is a rise in the shares of most of the companies under the managing agency of Messrs Fazulbhoy Karimbhoy and Sons.

The exchange........last—Owing to the monthly settlement, the Stock Exchange was closed from Thursday to Monday last.

Several.......Banks.—Several persons want to buy shares of the India Bank.

An exchange.. ...appreciation—The shares of the Anglo-Persian Oil Company may be purchased now, because it is possible that they will rise in future.

Only some......deferred —The factory production figures were good, and this fact helped in the prices of the ordinary and deferred shares being steady.

6.

Calcutta.

Owing to the Calcutta Stock Exchange being closed on the 14th and 15th instant on account of the Hindu festival Saraswati Pujah, there are only three days' operations to comment upon Jute shares were fairly steady, but at times prices seemed to favour buyers The demand for coal shares with one or two exceptions has come to an end at least for the time being Cotton shares maintained a steady market with Dunbar recording a remarkable rise. There was scarcely any business done in tea shares Government securities were a turn easier as the result of stringent money conditions due to the raising of the Bank of England rate of discount and a moderate turn over is reported In the miscellaneous section a fair amount of business was done, but the difficulty, we are told, was to find reasonably sound investment stocks at prices which buyers were prepared to pay. In Dollar rubber shares business was done on a small scale but prices continue to be steady.

Government securities —Partly as the result of tight money conditions and partly also owing to the fact that the Bombay market has been, to all intents and purposes, closed for a week as the result of serious communal disturbances in that city, the actual turn-over in government securities has been small. $3\frac{1}{2}$ per cent Paper is the turn easier at Rs 73-3, business having actually been put through at an anna under that rate, there has been a little investment buying of the 1945-55 5 per cent tax-free loan at Rs. 104-9 to Rs 104 10 and also of the various 6 per cent. Loans, the price at which the latter are obtainable showing a purchaser just over 5 per cent.

free of tax after allowing for the loss of premium on redemption The 1955-60 4½ per cent. Loan has been dealt in at Rs. 95 and there has also been some small enquiry for the 1929-47 5 per cent. taxable loan at Rs. 99-10.

Investment securities.—Investment Securities have not accounted for much business; a fair amount of Calcutta Port Trust 4 per cent. Loan, repayable in 1974, has been taken on investment account at Rs. 79-4 Chowringhee Properties are asked for at Rs 95 and 5 per cent. Clive Building Debentures at Rs 96-4. Most of the Calcutta Municipal Loans are offering, but as has been the case for some time past buyers have been showing very little interest.

Bank shares—One solitary transaction in Imperial Bank fully paid shares was reported at Rs 1,425 and buyers of the Contributory are offering Rs. 354 without attracting sellers. Bank of Indias are fully steady at Rs. 104-8, but scrip is extremely scarce.

Railways—A minimum of business has been passing; Howrah-Sheakhala and Hardwar-Dehra are still wanted and buyers are out for Sara-Sirajgunge at a figure in the neighbourhood of Rs 91 with sellers' ideas being very appreciable above this rate The enquiry for the shares of those railways carrying a Government guarantee has fallen off for the time being, the severe competition which most of these railways are meeting from the various bus services being no doubt at the bottom of the falling-off in the enquiry

Coals.—Much less has been doing and it has been by no means an easy task to find buyers for the majority of shares. Bengal Coals have been taken in fair numbers at Rs 410 and there is quite a large unsatisfied enquiry for Katras-Jherriah, sellers being completely out of the

market. As much as Rs. 4-12 has been paid for South Karanpuras and more could be placed at a few annas below this price. Standards are a shade easier at Rs 59 8 and Burrakurs at Rs. 12-12. Burra-Dhemos after dropping back to Rs. 6-12 found buyers again at 8 annas over this limit and there has been a little speculative buying of some of the lowpriced shares, such as Jainty, Central. Satpukuria and Asansol and Singaran.

Cotton.—After a long period of inactivity, *cotton shares quite came into their own* at the end of last week and on Monday and Tuesday, and it is many a long day since one has seen such an active market in Dunbars as has been the case just recently On a little investment buying enquiry coming out, these shares were rushed up from Rs 190 to Rs. 230, though, as is only natural, profit-taking has since brought down the price sharply, the market closing on Wednesday night at Rs 217 The local mills are reported to be doing rather better, but this alone would hardly seem sufficient justification for forcing the price up 40 points inside of 48 hours A fair number of Kesorams have been taken off the market round Rs. 5-8 and Rs. 3 8 was paid for New Victorias, the result of covering operations rather than any improvement in the intrinsic value of the shares. Bengal Nagpurs touched Rs. 33, but the buying enquiry seems to have been satisfied for the time being *and within the last day or two the shares have been very difficult to place within 8 annas of this figure.*

Jutes —There is very little fresh to be said ; the market has kept fairly steady on the whole, though in several instances prices have been inclined to ease off, a not unexpected result after the recent sharp rise Champdanies have been bought freely on London account and the price has improved to Rs 190 ; Barnagores have been dealt in round Rs. 320 and Anglo-Indians have been taken

at Rs 500 ; apart from nnreported inter-Bazar deals, the feature of this section has been the very large proportion of small lots dealt in. The speculative counters have moved within very narrow limits ; Howrahs after touching Rs. 59 lost about 8 annas only, but recovered slightly towards the close , Clives have hardly moved at all from the Rs. 43 mark or Nationals from round about Rs. 34-4. There has been a little buying of Presidencies and Waverleys, but altogether the turn over in this section has been disappointing.

Tea.—There has been next to nothing doing and no one should look for any improvement in this section for some few weeks to come, until the prospects for 1929 are a little more definite than at present The Calcutta tea sales are practically over, the last sale taking place on the 18th instant. So far as the share market is concerned, Eastern Cachars have been dealt in at Rs. 14-8 and Hasimaras are the turn easier at Rs. 43.12. Teloijans are wanted at Rs. 12-8 premium and *Tezpores could probably be placed at a shade under Rs. 12 were selling orders in the market.*

Miscellaneous —The only outstanding features in this section have been the improvement in Indian Iron and Steel to Rs. 17-12 at which price a large number of shares have been taken off the market, the rather a better enquiry for Burn and Company (round about Rs. 380) and the increased attention paid to electric power supply companies. As regards the latter, Daccas are wanted at Rs. 19-4 with sellers asking eight annas over this figure ; Patna Electrics could be placed at Rs 16 ex rights, Benares have been taken in fair numbers at Rs. 12-4, Agra Electrics at Rs. 115 and U. P. Electrics at Rs 133. Bengal Telephones are a shade better at Rs 13 with buyers over at the rate. Associated Hotels of India have been placed without much difficulty at Rs 8-8, and

British India Corporations are a little better at Rs 4-5 to the buyer Burma Corporations are easier and Burma Finance and Minings have been offering in fair numbers without attracting buyers. Quite good lines of British Ceylon Corporations have been taken at Rs. 8-8 ex dividend and Howrah Oils, which were saleable with difficulty at Rs 8 only a few weeks back, *have improved to Rs. 10-12 buyers* Paper shares have been in good demand, as much as Rs 47 having been paid for Bengal Paper and Rs. 3-12 for Titaghur Paper Deferred Midnapore Zemindaries have been done at Rs. 126 ex dividend and Mutbrapore Zemindaries are wanted at Rs. 4; Shipping company shares are likewise in good demand and only the scarcity of scrip has prevented business Murree Brewery were marked up to Rs. 201 8 ex-dividend and buyers have been out for Carew and Company, and Champaran at much about last rates.

Rubber Shares—This section has ruled quiet during the period under review and little business of interest has materialised Advices from the Straits indicate a quiet but steady market and though the recent buying activity has died down shares can still be placed *at about quotation rates*. In Calcutta, there continues to be a good inquiry for Kluangs at Rs 9-12 while Digwarrahs are on offer at Rs 20-4, Colinshurghs at \$3.65, Jimahs at \$1.80 and Jeram Kuantans at \$1.48. Business has also been put through in Nyalas at \$7.05 Deliveries during the week amounted to 1,668 tons and London stocks show an increase of 24 tons only to 25,413 tons The raw commodity continues steady at $11\frac{3}{8}$*d.*

Tin shares—This section continues dull and any appreciable change in prices would appear unlikely until the future trend of the metal market is more clearly indicated Block tin closed at £224-0-0.

The Commerce.

Cotton shares......own.—A fair business was done in Cotton Mill shares.

And within......figure.—And during the last one or two days of the week under review these shares could not be sold even at Rs. 32-8-0.

Tezpores......market.—The Tezpore Tea Company shares could be sold at a little less than Rs 12, if the required supply were forthcoming.

Have improved to Rs 10-12 buyers.—Have risen to Rs 10-12 0, a rate which the buyers are prepared to pay.

At about quotation rates.—At about the prices quoted last week.

CHAPTER VIII

EXERCISES.

(1)

Bombay, Oct. 13, 1928

Government Securities have been a quiet and neglected market and prices show practically no change. Dull conditions are expected to continue so long as Government continues to issue Treasury Bills, and *on any increase in the Bank Rate prices should be marked down.*

As a result of a week's trading in the Cotton Mill section *prices show no change on balance.* It was generally expected that an upward movement would develop as soon as the strike was settled, *but so far the market has not responded to the change in the situation.*

As we anticipate an active and advancing market for Industrial shares we would not be surprised *if the more speculative Cotton Mill shares show an appreciation, during the next two months, in sympathy.*

The miscellaneous section has, as usual, monopolized attention and there has again been a number of good features.

Cements have been steady *with Indians a feature at Rs 391¼*

The Hydro Group has been firm and is talked higher on rumours of fresh contracts which will take up the majority of energy available

In an active market Tata Iron and Steel shares have again been an outstanding feature Transactions in the Ordinary and Deferred shares have been on a very large scale, over 10,000 shares having changed hands on more than one day.

Although *bear covering and fresh speculative purchases* have had a great deal to do with the rise this week, *there is little doubt that the market has been influenced by a considerable amount of investment buying* particularly from those in touch with the industry.

The Pioneer.

1. Rewrite in your own words the italicized phrases in the above market report

2 Give reasons for the statement "Dull conditions ....Bills", appearing in the first paragraph

Madras, February 16, 1929.

Business during the past week has been quiet, and *although all sections came in for a certain amount of enquiry,* the turnover can only be reported as moderate. *There appear to be very few ready buyers and sellers of shares in the market, which rather points to a more speculative atmosphere wherein operators are keeping their funds ready for anything attractive that crops up* In spite of this several *good Industrial investments* remain offering The continued fracas in Bombay has extinguished any interest in shares in that quarter for the time being. Towards the close Rubbers came in for a strong demand and the market in these was again strong.

Banks —Imperial Banks were difficult to negotiate with unsatisfied buyers of the fully paids at about Rs. 1,430 and Contributories at about Rs 352½ In spite of the fact that some expect a lower level of prices after Sir George Schuster's announcement in the Assembly on the 16th

Mills —Coimbatores had further dealings at Rs 157½, but otherwise there was nothing of note. Buckinghams were steady at Rs 180, and *Coimbatore Malls moved up to Rs 80 bid.*

Rubbers.—Earlier in the week there was a certain amount of activity and Malankaras *were heavily dealt in at*

about Rs. $75\frac{1}{2}$, but interest fell off and there was very little doing. Later in the week, rates which had been remarkably firm, moved up again with a rise in Raw Rubber to nearly *1s* *In the absence of sellers of rupee rubbers, dollar scrips were active.*

Teas—*There has been quite a pronounced buying enquiry and the leading counters all show signs of hardening* Sellers, as is usually the case in such circumstances, have almost completely withdrawn, but a fair business went through in the cheaper shares.

Miscellaneous—Interest was fairly general in this section, particularly in Mining and Metal shares. Aluminiums have recovered a little and Indian Irons moved up quite appreciably to Rs. $18\frac{3}{4}$ but eased to Rs. $17\frac{3}{4}$ *Amongst sterling scrips Indian Coppers had a relapse to 3s* Bengal Irons are weaker on less favourable reports

The Commerce.

1. Make a precis of the above extract and explain the italicised portions

2 To shares of which companies do the following terms, occurring in the above passage, refer ?—Rupee rubbers, Dollar scrips and sterling scrips

(3)

Singapore, May 8, 1929.

Rubbers—*Speculative favourites have hardened on short covering*, but there is practically no demand from the general public and *India refuses to trade either way.* Scudais are higher at \$1 90, Malaka Pindas at \$1.65, Ulu Benuts at 48 cents, Mentakabs at 42 cents, United Malaccas at \$1 60, Pajams at \$1 90 and Bukit Jelotongs at 65 cents, *which improvement is due to the aforementioned short position in these shares.* There is practically no business in *good dividend payers* like Parit Peraks, Kuala Sidims, Perak Rivers, Changkats or Ayer Panas, but Amalgamated Malays made \$2 85, Nellmays 40 cents cum, Glenealys

\$1.75, Balgownies \$3 and Lunas \$1.80 The Jeram Kuantan report to hand discloses a net loss of \$500 for the year, ended December last. A dividend of 10 per cent absorbing \$28,000 is declared, which sum is paid from the *dividend reserve account.* The Company's financial position is sound and *some good forward contracts* have been made for the current year at over 40 cents per lb. Last year's average sale price was low at 30 cents per lb. These shares have buyers at \$1 12½ cum

Tins — Interest in this market continues to wane, sterling shares in particular being quite neglected. Kuchais report 1085 piculs for April and have buyers at \$1 30, at which price they are surely attractive for the mine is undoubtedly rich Petalings have recovered to \$5 40 ex Malaya Consolidated had dealings at 53 cents and Penawats at 80 cents. *News is daily expected that this Company's first dredge has started* The Johan output of 445 *piculs*, yielding the Company \$2.325 net is satisfactory and makes the shares attractive at 28 cents. Talams are lower at \$1.25. Sungei Ways are a bright feature at \$3 05 Batu Caves touched \$1 32½ but are now wanted at \$1 37½. Sungei Luas *are in keen inquiry* at 6 cents. premium.

Industrials — A fair *investment demand* continues for United Engineer at \$12.75 and for Malacca Electrics at \$2 09 *Straits Traders have receded to* \$30.50 and Steam ships are still on offer at \$3.20 Alexandra Brickwork Preferences were placed at \$2·12 and the Ordinaries are still saleable at \$2 65 Thornycrofts offer at \$4.55 ex and Fraser and Neaves at \$16 90.

Conversion Loan can be taken at \$102.75 and all other issues at quotation.

The Statesman.

1. Give in simple words the meanings of the words and phrases in italics

2 What is the difference between 'investment demand' and 'speculative demand'

(4)

Madras, March 2, 1929.

During the past few weeks the share market has grown more and more active and a revival of trading conditions seems at hand. Interest has been very general and *most sections have come in for a very fair enquiry, though rubber has somewhat dominated the market.*

Banks.—Imperials have steadily declined and the Fully Paids at one time touched Rs. 1,400 but have recovered a little, and *we look for a hardening in price*. The numerous sellers of last week have withdrawn, and buyers are once more appearing. Local bank shares have again been idle in the absence of reasonable sellers whilst Central Banks have steadied to a certain extent at about Rs. 22 cum dividend.

Mills.—Buckinghams accounted for a heavy turnover at about Rs. 180 on the issue of another even stronger report showing that this company is in an exceptionally strong position. *Gokaks have recommended rather a surprise final of 7½ per cent making 10 per cent.* The shares moved up quickly to above Rs. 130 without business. Bangalores met with business at Rs. 160 cum dividend and Coimbatores remain weak at Rs. 155. *Mills in Bombay have weakened very considerably,* and *the action of the Imperial and other Banks, in calling upon mills to reduce their commitments, has excited considerable discussion.*

Rubbers.—The price has steadily improved from 12 5/16*d* to 13 1/8*d* but went easier at the close to 12 7/8*d*. Earlier in the week business was on a large scale, but sellers withdrew and did not appear until a further advance in prices, when business was again heavy. Dollar rubbers have advanced considerably. Ayer Hitams, which opened at \$3.15 closed at \$3.50 and Sungei Tukangs moved from \$1.15 to \$1-37½. Rupee rubbers were marked up without much heavy business being done, *though Malankaras enjoyed a heavy turnover at Rs. 81* and later at Rs. 82½.

Teas —these have rather suffered from the activity in rubber. Business was on a moderate scale with prices a shade weaker, if anything. *The tone of the Tea market is undoubtedly optimistic.*

Coals.—Talchers were active and frequent dealings took place at about Rs $2\frac{1}{4}$, though towards the close the shares were neglected *The reduction in railway freights* which had a remarkable effect on coal shares in Calcutta, *will undoubtedly help over the stile what has for years been a very lame industry* South Karanpuras responded and jumped to Rs $8\frac{1}{4}$ but Singarenis have excited little interest though at Rs 9 a few dealings occurred. The Railways are reported to be going to ask for tenders to the extent of $2\frac{1}{2}$ million tons of coal, whilst State managed collieries are restricting their output by about 100,000 tons per annum, two vital bits of news which have strengthened an already strong market

Miscellaneous —There was not much of note in this section. Tatas have fallen away to below Rs 70, *the second preference* being about Rs 80 , *but these shares can be recommended as an excellent lock-up speculation.* Indian Aluminiums have been fairly active at Rs. 42. Of Sterling shares, Underground Electric Railways were well supported at about 26*d* on expected improvement to 30*s*. before the end of the year.

The Commerce

1 What are the causes, referred to above, which led to a rise in coal shares ?

2 Explain the parts in italics

3 Write short notes on Bear raid, Bear covering, Bear squeeze

(5)

March, 1929.

Reference was made in last week s report to the *slump* which took place in the price of all Government securities,

and this slump continued until the close *when there were signs of the bottom having been touched and the fall arrested ;* in some cases buyers have had to pay rather above the lowest rates touched for their requirements A week ago $3\frac{1}{2}$ per cent. paper stood at Rs 71 8 The price actually dropped at one time to Rs 70 12, though it was about 4 annas better at the close. The 1945 55 loan on the 15th instant stood at Rs 102 12 During the earlier days of the week the price actually came back to Rs. 101-14, but business has since been done at Rs 102 4 and at the close there were buyers at the price The 1960 70 loan has also shed a few annas, from Rs 83 12 it actually came back to Rs 83-2, but only a small amount was dealt in at this price, the quotation at the close being Rs 83 6 The various 6 per cent. issues have continued to be in a fairly good demand and here prices have hardly moved at all A few lakhs of the 1934 $4\frac{1}{2}$ per cent taxable issue have been dealt in ; at the present price of Rs. 95-8, the return, after allowing for profit on redemption is 5.46 per cent. making this particular issue extraordinarily attractive at the current rate, *but it is by no means easy to pick up in the ordinary way.* Most other securities have been difficult to deal in and the turnover has been nominal.

But what is the reason for this serious drop in the price of all Government securities. The terms on which the New Loan will be issued in June or July is undoubtedly the main factor The Finance Member has indicated that Rs 18 crores of new money will be wanted and if this sum is to be forthcoming in India it is quite evident that Government will not secure their requirements *at a rate represented by the prices ruling recently for all Government securities* It would appear certain, therefore, that exceptionally attractive terms will have to be offered and this can have but one result, namely, the general lowering of Government security prices all round *The other reasons*

for the slump are subsidiary and follow as a natural corollary Certain banks in Bombay anticipating a lower level of prices, *have for some time past been putting fairly large blocks of their long-dated securities on the market*, with the result that prices have fallen away sharply; *on the top of this the "bears" came in* and in the absence of any buying enquiry, they forced prices down to a lower level than we have seen for many a long day. However, it rather looks as if no further fall is likely, *though on the other hand any brisk recovery seems improbable.* Another reason for the drop is undoubtedly the expressed desire of the Government of India to see the level of Indian rupee securities more *on a parity with those of Indian Sterling issues* in London, so long as the latter are obtainable at prices 3 per cent and 4 per cent below Indian rupee securities, it is hardly a matter for surprise that investors are sending their money out of the country for investment in London, *and this drain the Government of India are desirous of doing all in their power to stop* Certain it is that the Government have made no effort to support the market recently, but have allowed it to find its own level.

The Commerce

1. Rewrite in your own words the portions in italics.

2 Explain the causes which led to a slump in the price of Government securities

3 Show how the return of 5 46 per cent is arrived at in the passage—" a few lakhs . ... 5 46 per cent "

(6)

London, August 17, 1929.

In the past *I have often advocated investment in electricity shares.* I now draw your attention to the Midland Counties Electric Supply Company, Ltd, the profits of which have grown from £44,224 to £183,065, in the

last seven years In 1922 the company paid 5 per cent. on it then issued Ordinary capital of £750,000, while in 1928 a distribution of 6½ per cent was made on £2,000,000 of Ordinary shares The net profit for 1928 amounted to £183,065

The company's *5 per cent Debenture stock is redeemable at par in 1960 or at 105 on three months' notice A sinking fund operates by purchases under 105 or by drawings at 105* The interest is payable on January 1 and July 1 *and is covered twelve times by the 1928 profits.* The present price of the stock is 97½, at which the *yield* is £5 2s 6d per cent.

My references to the Chartered Bank in the past have, I am certain, *caused none of my readers any misgivings* I revert to the subject again because, in my opinion, an excellent opportunity now exists for purchasing the £5 shares of the Bank. The price is £ 19 5-8, and the return, based on the dividend and bonus of 20½ per cent. tax free, paid for many years past, is *£5 3s per cent. net or £6 9s per cent. gross*

Results for the past nine years have been remarkably consistent, particularly in view of the many vicissitudes encountered in the East during that period

Nothing has been added to the disclosed Reserve since 1924, the position evidently being considered quite strong enough The Reserve fund amounts to £4,000,000, against an authorised and unissued capital of £3,000,000 *It therefore seems only a question of time before the shareholders receive a handsome bonus*, as doubtless such an institution is not standing still, and it will be able to employ profitably still further capital The last issue was in 1920, when share holders were given the opportunity of subscribing for new shares at £2 10s premium.

A Government stock to give 6 per cent yield, even though it be short dated, ought to be an attractive enough

investment for anyone. South African 6 per cent. 1930-40 stock is on offer in the market now a 101 7/8.

Interest on this stock is payable on May 1 and November 1, *and allowing for accrued the net price is practically par*, so that the flat and redemption yield is 6 per cent. The first date for redemption is November 1, 1930, and in view of the high nominal rate of interest the stock will doubtless be repaid then

The Pioneer

1 Explain the words and phrases in italics

2 Which of the securities enumerated in the above extract is in your opinion the best? Give reasons

3 Illustrate the difference between flat yield and redemption yield

(7)

You produce a list of ten *selected investments* and you ask us to express an opinion upon *their investment value. We do so with pleasure and with alacrity* The ordinary shares of Indian Iron and Steel Company *are good for a rise in about eighteen months' time*, but there is no immediate advantage to be derived from an immediate purchase Central Cachar tea shares *would probably appreciate in an active market*, but where is the active market? There is no demand whatsoever for Dehra Dun tea shares and *the last quoted price is too high* Eastern Cachar teas *would by no means be a bad buy at current rates.* The company produces a well known brand of tea and is doing well. *Under the managing agency of Octavius Steel and Company the garden is in good hands* The Marine Coal Company, in the agency of Messrs. Jardine Skinner and Company, is doing fairly well but the productive capacity of the colliery is too small for great achievements *The Minto Coal Company, one of the Yule group, is a speculative proposition of dubious prospects*, but the shares are cheap to those *who don't mind holding a baby of uncertain attributes.* The shares of the Singareni Colliery, a Deccan undertaking, *are*

not dealt with on the Calcutta Stock Exchange. It is a steady but small dividend payer, and as the shares stand slightly below par they are perhaps attractive Messrs. Huson, Tod & Company, Stock and Share Brokers of Madras, would be pleased to advise you as regards a share purchase The shares of the East Indian Coal Company *are fully priced at today's rate*, and *it must not be overlooked that the dividend reaches shareholders less British income tax.* Steel Products, Limited, *is a speculative adventure* British India Corporation shares are pleasant things to handle at present prices in view of the improving conditions now prevailing in the cotton textile trade

The Commerce.

1. Rewrite in your own words the italicised phrases

2. Put the above information in tabular form

3. *Assuming yourself to be a stock and share broker, write a letter to a client offering your advice on five securities named by him*

(8)

Optimism with regard to the future is the main reason for the sensational upward movements which have taken place on the New York, London and *Continental* Stock Exchanges during recent months *Despite repeated warnings from the financial press that share values in certain instances discount the most sanguine prospects years ahead, prices continue to rise* The most notable example is that of Mond Nickel Ordinary shares Having risen from 15*s* in 1921 and 35*s* in 1925 to £8 in December last, mainly on values placed on a mining proposition owned by the company which has still to be developed, the warning was given from all quarters *that the best had been more than discounted* In spite of this a week ago the shares touched £13-5-0, a price unthought of even a year ago.

Such optimism has not so far spread to India *but it is only a question of time before it does* Owing to a certain lack of confidence in joint stock enterprise in this country

which is to be regretted, and which may more truly be described as a lack of confidence in the managing agency system, no fresh money is forthcoming for new enterprises, and *the investor is not prepared to pay more for a share than immediate prospects and past results justify* While the price of existing securities is governed by this sentiment, no capital will be forthcoming for fresh ventures but the time must come *when local share markets will discount a progressive future years ahead* and then, and then only, will the morning paper set forth daily the prospectus of some company formed to provide India with a long felt want or *to bridge the hiatus between supply and demand of some well-known commodity*

Meanwhile the development of the country is entrusted to government. Government is given the country's savings at 5 per cent. and spends them on irrigation, railways, etc., so much is this so that within a few years the government will be without *unproductive debt* It can then be likened to a huge commercial corporation with no share capital but with a debenture debt repayable at varying dates and to be finally repaid by 1970 at the latest The position will then be that government, as directors, will operate these *mammoth undertakings* for the benefit of the populace, the shareholders, but reduced taxation will take the place of dividends

Despite the present apathetic state of share markets we are optimistic of the future and advise no one to 'go a bear of India

The Commerce.

1 Make a precis of this passage and explain the words and phrases in italics

2 How do you account for the lack of confidence in joint stock enterprise in India ?

3 In what respect, according to the above passage, do the Indian share markets differ from the stock exchanges of New York, London and the Continent ?

(9)

The shareholders of the Premier Oil Company of India have, we presume, long since given up all hopes of deriving any advantage whatsoever from their investments in this ill-fated concern It was one of the *wild-cat schemes* of the Boulton Brothers, and any possibility of success that it might have possessed in its initial form *was stultified* by the method this firm of London financiers usually employed by which one company borrowed from another, or by which one company invested in the shares of another *so that when the slump came the feeble fabric, all the component parts relying upon each other for a stability not one of them possessed, came crashing to the ground* But although the shareholders have, as we suggest, long ceased to entertain *any hope of recompense*, the report now issued by the Directors gives one the idea at the first glance that the position is one of increasing hopefulness *The first page of the report is redolent with glowing items of an anticipatory nature*, more than three lakhs and a half gained by the sale of the Company's investments in the British Ceylon Corporation; the profitable sale of the company's land at Sijberia, the gratifying disposal of two jute mill sites on the river Hooghly, the less gratifying sale of the company's oil machinery at Oyaria, and so forth *But on the second page of the report the shareholders receive their quietus*,—they are to receive no return upon the capital they have invested!

The Commerce

1 Explain the italicised portions of this passage.

2 In what ways does the position of the Company appear to be satisfactory?

3. Assume you have before you the Directors Report and the published accounts of a Cotton Mill Company Write a note reviewing the company's position

COMMODITY MARKETS

CHAPTER IX.

INTRODUCTION

The development of modern commerce with its huge turnover enabled the sellers to bring their goods to a place of sale, where demand and supply meet and where prices are determined. Further the buyers could not take immediate delivery of the whole quantity bought, because their requirements were spread over a long period and therefore delivery had also to extend over the same period To avoid these difficulties, at the important trade centres goods began to be sold more and more on the basis of samples, patterns or grades Trade usages and customs were established for dealing in different classes of goods and regular meetings took place between the parties interested *World markets* developed in the case of commodities of special importance, and these kept in close touch with one another and dominated the regulation of prices.

A commodity market may be defined as a permanent and organised place where those engaged in commerce meet for the purpose of negotiating business in any commodity which may be a natural product or a manufacture article such as jute, jute manufactures, cotton, cotton piece goods, wheat, oilseeds, rubber, tea, oils, sugar, hides and skins, etc, etc The term 'Produce Exchange' on the other hand, is confined to a market for raw produce only The principal commodity markets in India are :—Jute market in Calcutta ; Cotton markets of Bombay and Karachi ; Wheat markets of Karachi and Lyallpur ; Cotton Piece-goods markets in Calcutta, Bombay, Cawnpore, Delhi and Amritsar, Hides markets in Madras and Cawnpore ;

Sugar markets in Calcutta, Karachi, and Cawnpore; Oilseeds markets of Cawnpore, Delhi and Madras; Bullion markets of Bombay and Calcutta; Tea market in Calcutta; Rice markets in Calcutta and Rangoon.

Only commodities which are capable of being graded or otherwise accurately described and being sold in large quantities are suited for sale in an organised market The essential characteristics of a modern market are .—(1) A large number of competing buyers and sellers; (2) A large quantity of commodities; (3) The organisation by which all persons interested in a particular commodity can quickly communicate with one another; (4) The collection and frequent publication of statistical and other information regarding the present and the probable future supply of commodities, (5) There is no need for the actual buyers and sellers to transact business in person, but they may have it done through brokers and the great majority of transactions take place in this way; and (6) The supply and demand for certain goods over large areas extending even to foreign countries may be concentrated

Conduct of Business.—Every transaction on a commodity market must clearly define the nature of the business, *viz.* a description of the goods sold (their kind or quality, quantity and some times their source of origin); where and when they are to be delivered; and the method of payment. The kind or quality of goods is usually indicated by means of samples or patterns, description or trade marks, type or standard or analysis With regard to delivery there are various distinctions between the transactions and these are of great importance If the goods are to be delivered forthwith, the transaction is said to be for *prompt* or *spot* Where the goods are not to be delivered until a later date, it is referred to as a *forward* or *future* business. The future deliveries, in point of the length of time after which they are to be made, are usually referred to in market

reports as ready, near or early, distant, or far distant. The future time for delivery is also indicated by calendar months, *e g.* March-April delivery, October delivery and so on The spot and forward transactions amongst Indian business men are known in vernacular as (i) *Hazri* and (ii) *Bhadon, Phagun, Jeth*, etc., the future delivery being expressed by our Samvat months. Another term used in connection with future deliveries is *to arrive*, which means that the goods are to be delivered on the safe arrival of the ship by which they are coming from a foreign country, and it is obvious that this term applies only to imported goods. In certain commodity markets, *e g.* jute and bullion, there are fixed settlement dates for the completion of all forward business transacted during the previous period ; in others the buyers and sellers themselves fix the time of future deliveries

Market Reports.—These appear daily in the leading English and vernacular newspapers of the country. Some of the technical terms and abbreviations representing various kinds and grades of commodities, which are usually met with in commodity market reports are given below.

Jute—This is an important product of India. This commodity is dealt with either as loose jute or in the form of pucca bales. A pucca bale weighs 480 lbs. The varieties of loose jute are: R., L R, H J.R., S R., Jat, Hard, European Packing, European Rejections, etc. ; and the quality of pucca bales is indicated as Firsts, Lightnings, Hearts, etc

Jute Fabrics.—India occupies an important place as a jute manufacturing country. The jute manufactures consist of Hessians (fine goods) and Heavy Goods (coarse materials). The different articles included in the term hessians are 9 porters, 11 porters, cotton packs, Australian barns, wheat bags, etc ; while heavy goods comprise sacks, cubans, B

twills, heavy cees, A twills, Liverpools, cornsacks, woolpacks, D. W. nitrates, D. W. Flours, etc.

Cotton.—The main varieties of cotton are Bengal, Broach, Oomras, Dharwar, Panjab. Sindh, Kadi Viram, Dhollera, Kalagin, Cutch, Surat, Rajpipla, Navsari, Southerns. These are then graded as F G.M.G , Super fine, Fine, Fully good and good

Piece Goods —The different articles of cloth included in the term piece goods are dhoties, greys (shirtings, jacconets, drills, etc.), bleached cloths, printed and dyed styles (chocolate jean, chintz, saris, etc), woollens or cold weather styles (rugs, blankets, shawls) whites (mulls, nainsooks and shirtings), artificial silk fabrics, fancies, etc

Shellac – The various qualities are :—H in a Diamond, VSO, I in a Diamond, B in an Octagon, Elephant mark, GREG in a Circle, FR in an Octagon, ASO, MCG, APCAR, Superfine, St I, TN, ITN, IG, etc

CHAPTER X.

TERMS AND PHRASES.

NOTE —The terms bull, bear, bull liquidation, bull campaign, bear raid, bear squeeze, bear covering, options (call, put and double) have already been explained in Chapter VI

Trade Demand.—Demand of those who are actually engaged in trade and who want certain goods for their trade requirements

Speculative Demand.—Demand coming from those who have no intention of taking delivery, but who purchase simply with the object of selling at a profit before the delivery date It must be noted that speculative buying or selling always takes place for future delivery

Teji Option — Another name for call option.

Mandi Option —The same as put option

Teji Mandi Option Equivalent of Double Option

Futures – This term applies to transactions for the purchase of goods for delivery at some date in the future at a price settled at the time the contract of sale is made The operations of bulls and bears would be impossible with out futures Genuine business men also can make a good use of the system of futures, for example a manufacturer may find it expedient to make contract now for the future supplies of his raw material and may thus be enabled to devote all his attention solely to the manufacturing side of his business

Hedge Contracts.—Hedging means purchasing or selling certain goods for the purpose of protecting oneself against loss caused by future fluctuations in prices For instance suppose a flour mill has entered into a contract now for the delivery of a given quantity of atta six months afterwards

at a stated price If the mill does not purchase the necessary wheat at the present time and if the price of wheat rises near the time of the delivery of atta, a loss is certain on this transaction. Therefore instead of buying ready wheat now and thus locking the capital for six months, the mill may buy wheat now for delivery in six months' time. Such a purchase is called a hedge contract, because in this way the mill has protected itself against loss due to fluctuations in the future prices of wheat Hedging differs from other forms of speculation in that its object is not to make profit, *but to insure against loss.*

Straddle —This is a speculation on the differences in prices of futures deliverable at different periods For example suppose a person purchases sugar now in January for March-April delivery at Rs 10-8-0 per maund and sells the same quantity deliverable in April-May at Rs. 10 11 0 The prices may rise or fall as a whole, but he will gain if the difference between the two prices becomes less than 3 annas, but if it becomes more he would lose. On the other hand if he had *bought* April-May at Rs 10 11-0 and *sold* March April at Rs 10 8 0, he would have gained in the event of the difference between the two prices increasing and lost in the event of its decreasing

Apart from a few *sales by second hands* at reduced rates there is no business to report (Jute fabrics).

Second hands —Persons who had previously purchased goods from the mills

The "Inverbank" has been declared against the February-March engagements. (Freight).

The steamship "Inverbank" has been put at the disposal of those to whom freights for February-March shipment had been sold

The *offerings* comprised a wider selection than at last week's sale, though a large number of *rubbishy parcels were in print.* (Tea).

Offerings.—Teas offered for sale

Rubbishy......print—Inferior teas were included in the list

Heavy goods—the *lame duck of the market*—showed continued weakness throughout the session. Even at the lowest levels there is practically no inquiry from consumers, and *the market seems to be bottomless*, and *the further the rates sag the more acute becomes the anxiety of the possibility of speculative failures*

Heavy goods—Coarse jute fabrics or gunnies

The lame duck of the market—Something easily hunted; that is, the goods whose prices fell considerably.

The market......bottomless—It seems as if the prices would go down further

The further ......failures—The more the prices fall the greater is the anxiety that speculators will not be able to fulfil their obligations

Pucca bales have reacted about Rs. 2-8 0 from the top under selling pressure *with no demand in evidence to arrest the decline*

Pucca bales—A pucca bale weighs 480 lbs

With .. decline—There was no demand which could prevent the fall in price

Rates are quoting a few annas higher for *all positions*, though shippers have only bought to a limited extent for the near deliveries

All positions—All deliveries (ready and forward)

A fair trade has been passing in *Cape qualities up to June*, and there has been renewed interest in sacks for the season from Australia. (Jute heavy goods).

A fair......passing—Moderate business is being done

Cape qualities—A kind of gunnies

Up to June.—For delivery up to June

As it is probable that there is also a number of short sales still to be covered, a maintenance of present values is probable. (Sugar).

As it......covered —As there are some uncovered sales for near delivery.

Interest during the week has centred in the jute and gunny markets, which have fluctuated sharply and *been the prey of rumour and counter-rumour*.

Been......rumour —Been affected by rumours of all sorts

It can only be hoped that the recent revival and improvement in the position of tea *is a forerunner of a similar improvement in other markets*

Is a......markets —Is to be followed by a rise in the prices of other commodities

There has been a firmer tone in the piece goods market, *but the "strike clause" has prevented replacement business*

But the......business —Owing to the insertion of the strike clause in the agreement to be signed by importers there has been little business in piece goods When there is danger of a strike the manufacturers in Lancashire insist on the inclusion of a strike clause in the agreement of sale Replacement business means goods purchased to replenish stock

All markets with the exception of what has recently become the "*Star Turn*", tea—*have been under the influence of the holiday feeling* and business in Calcutta has been almost at a standstill

Star Turn —Something specially promising

Have .... feeling —Have been dull Holiday feeling implies absence of business

With Australian wheat prices temporarily a shade easier, *buyers are holding off on the chance of this reacting on Flour, etc. rates.* Little fresh business in the latter has been done during the week, but Mills have been busy on previous engagements.

Buyers . . . rates.—Buyers are waiting in the hope that the prices of flour, etc will also fall

The cotton *that will soon commence to move* will come upon a market absolutely *without a "short" interest.*

That . . . move.—That will shortly come on the market for sale.

Without a "short" interest.—Without speculators who have to deliver in the near future

There was a sudden rush to buy and *nervous shorts were compelled to cover*

Nervous . . . cover.—Weak bears who had to deliver in the near future were forced to begin purchasing The term "short" stands for a speculator who has to give delivery after a short time.

On a "*bottomless*" *market* foreign consumers naturally, though not wisely, held aloof and pursued their usual policy of *waiting for the bottom*, instead of *buying down the market*

Bottomless market.—A market in which the prices are continually falling

Waiting for the bottom.—Waiting for the lowest possible price

Buying down the market.—Buying at the falling prices.

On Tuesday the market opened firm but developed an easier tendency later, with the result that *some part of the advance has been lost, but prices are still higher on the week by 3/8d. per lb for spot and April/June*

Some . . . lost.—Some of the rise in price has been lost

But . . . April/June.—But the prices for spot and April-June deliveries are still higher at the end of the week by 3/8d per lb than what they were at the beginning.

Spot lots are finding buyers for local and country requirements

Spot lots.—Goods available for immediate delivery

In sympathy with decline in America the Bombay market also registered a similar decline in prices, but *the general sentiment appears to be bullishly inclined rather than to the bear side* Consequently some *long interest* appears to have been built up in the market.

The general......side —The general feeling is that prices will rise and not fall

Long interest —Sales effected for distant delivery

Bulls were disappointed and they liquidated their holdings in spite of unfavourable weather and other bullish factors. (Cotton)

Bulls were disappointed —Bulls became hopeless owing to falling prices

The market closed *on an easier tone* with buyers *looking on*

On an easier tone —With a tendency to lower prices

Looking on —Waiting

Demand is good and this factor added to a report that *Java bookings* for the month of April to India are poor has steadied the market

Java bookings —Sales of Java sugar.

Dealers have with difficulty taken up the greater part of their *April commitments*, but are finding difficulty in disposing of these at a profit.

April commitments —Purchases made for April delivery.

Practically no business has been done *in options* and quotations are purely nominal at 1 1/8*d* for the " Put " or " Call " of July/September and 1 3/8*d* for the " Put " or " Call " of October/December The double option might be done at a shade less than double the money.

In options —For the explanation of ' options ' refer to Chapter VI.

There is undoubtedly a speculative account in existence both in England and America, but we believe that the people who are now putting money into rubber are in the main of a class *which can afford to hold on* and *will not be shaken out* by any temporary setback in price.

Which......on —Which are able to wait.

Will not......out —Cannot be compelled to begin selling.

Some outside buying orders were received and *the market brightened a little but closed flat.*

The market......flat —The price rose a little but fell again at the close.

Although in most instances *the quoted cost of replacements gives local values a very satisfactory appearance*, they are barely maintained and have a tendency to weaken at the first sign of selling pressure.

The quoted...... appearance —The present prices ruling in the local market are lower than those quoted by manufacturers for new business

The forward sales of *light whites* by one importer at rates well below the corresponding *spot values* in the bazar have caused a little uneasiness in the minds of dealers.

Light whites —Bleached cotton piece-goods

Spot values —Prices for ready delivery.

The cotton market has once more, *after a long spell*, passed into the hands of speculators, to the great detriment of genuine trading.

After a long spell —After a long time.

The money market is also tight with the result that holders of stocks *are keen on liquidating them*, and to attract buyers on a dull market are offering reduced prices.

Are ...them —Are eager to sell them

The sellers were somewhat reserved at the close

At the close the prices had a tendency to rise

Reported damage to the crop by the recent inclemency of the weather has told on the market and prices have advanced Sellers now quote for ready lots Rs 5-14 to Rs 6-12 per *B. md*, packed in gunnies, according to quality. Nothing of any importance is doing for export.

B. md.—Bazar maund of 82 2/7 lbs

A notable feature of the week in the gold market was the *unloading* by the bull operators of their holdings for May settlement, which resulted in the premium of one anna per tola for this delivery over June being reversed to one anna per tola discount

Unloading —Sales

Sales on *smart spurts* and purchases on *recessions* are advisable

Smart spurts —Sharp rises in prices

Recessions —Falls in prices

The policy of selling on good *rallies* and purchases on *dips* for short profits seems still to be advisable.

Rallies —Advances in prices

Dips —Falls in prices.

Oomra and Bengal December-January contracts have improved by Rs. 3-8 and Rs 2-4 respectively over last week, *due to straddle covering by shorts.*

Due to .. . shorts —Owing to covering purchases made by bears who have to deliver after a short time

CHAPTER XI

SPECIMEN REPORTS

1. Jute.

Calcutta, March 6, 1929

Loose Jute—Since our last report has ruled dull and inactive. Quotations, however, are nominally unchanged but the closing tendency is easier Up-country markets are unchanged. Quotations are as under.—

European Sellers (Jat) —R 's Rs. 14; L. R 's Rs. 13; H J R.'s Rs 12 Native Sellers (Jat).—R 's Rs. 13-12; L. R.'s Rs 12 12; H J. R's Rs 11 12. District Jute at annas 4 less March shipment

JUTE FABRICS.

Heavy Goods — At the beginning of the week values were easy, and resellers made sales at lower rates up to September *Prices improved after due date*, and Mills have made fair sales of *B s* and *C's* for deliveries July-December to speculators.

Except for a fair enquiry from Eastern Markets for near *C's* there has been little to report for export The market closed steady.

Hessians.—Prices inclined easier at the beginning of the week, but recovered on a speculative buying after due date *In the absence of consuming support* resellers appeared for April-September and prices again eased but have hardened at the close on news of a fire on a steamer carrying hessians to North America. Mills have made small sales for deliveries April to December, but generally local speculators and consuming markets are showing very little interest. The market closed steady.

Sales are reported as follows, *viz* :—

Hessian Cloth —" A. B." Group makes unless otherwise specified :—40 ins $7\frac{1}{2}$ oz. 9 by 9 at Rs 15-13 to Rs. 16 4 basis Ready ; 36 ins 8 oz 40 ins 9 by 10 at Rs 16-2 to Rs. 16-4 basis Mar ; 40 ins. 8 oz 9 by 10 at Rs 16-1 to Rs 16-9 Ready and Mar., Rs. 16-2 to Rs 16-9 Apl -June, Rs. 15-12 to Rs 16 2 July Sept , Rs. 15 4 to Rs 15-8 Oct. Dec , 37 ins. 10 oz 40 ins. 11 by 12 at Rs 21 basis Mar ; 40 ins 10 oz 11 by 12 at Rs. 20 12 to Rs 21-1 basis Ready, Rs 21-12 to Rs. 21-2 basis Mar ; 40 ins. $10\frac{1}{2}$ oz 11 by 12 at Rs. 20 10 to Rs 21-1 Ready and Mar , Rs 20 10 to Rs 21 Apl.-June and July Sept , Rs. 19 8 to Rs 20 to Rs. 19 14 Oct -Dec., Rs 19 to Rs. 19 8 Jan Mar ; 36 ins 12 oz 40 ins. 11 by 12 at Rs. 23 basis Mar

Hessian Bags.—Cotton Packs 85 by 45 3 lbs 9 by 10 at Rs. 97 May July and July Wheat Bags 36 by 22 12 oz. 11 by 12 at Rs 23-8 Apl to Rs 24 Mar.

The Commerce

Prices improved after due date —There was a rise in prices after the monthly settlement which took place at the end of February

√ *In the absence of consuming support* —For want of demand from foreign countries, which import jute and jute fabrics from India

2. Jute

Calcutta, September 25, 1928.

Bazzar imports and exports yesterday were 28,000 and 31,000 mds , respectively, reducing the estimated stocks to 5,60,000 mds as compared with 7,66,000 mds at the corresponding period last year and prices paid were Rs. 8 to Rs. 11-12 against Rs. 8 to Rs. 13-8.

Loose Jute.—The market is quiet for medium and low qualities *with sellers showing more disposition for*

business but Mills taking very little interest. Values are practically unchanged and prices are irregular according to packing, district, assortment &c.

Pucca Bales.—Are quiet but steady with very little business being transacted Balers are unwilling to reduce prices but buyers are apathetic and rates may be quoted as nominally unchanged in the absence of business

Gunnies.—The Hessian market opened quiet but has since steadied with a fair covering business passing *for near* November 11 porters have been done at Rs 20-8 and November-December at Rs. 20-6; Jan-March 11 porters at Rs. 19 14 and April-September at Rs. 19-10. As we write the market is steady and rates are.—

		Ready Sep		Oct.-Dec		Jan Mar.		April-June	
		Rs	As	Rs	As	Rs	As	Rs	As
0 Porters	...	15	14	14	14	15	12	15	10
11 Porters	...	21	10	20	8	19	14	19	12

Heavy goods are steady but only a small business is reported B Twills have been done from Mills at Rs. 45 4 January-June and Packs at Rs 2-4 January-June

The Statesman.

With .....interest—While sellers want to do business the Mills are not prepared to purchase

For near—For near deliveries

Porters—This indicates the quality of the hessian cloth

3 Jute.

Dundee, June 22, 1929

An advance in the price of raw jute and Calcutta goods has brought out a brighter tone in the market during the past day or two, and there is a feeling that the turn in the

market has come Yesterday there was a good deal more business transacted in jute yarns, especially in cops and spools, buyers of which paid prices which they have done their utmost to break for some days. Jute cloth has so far shown little improvement as regards actual business, but buyers cannot now hold off much longer. Prices are certainly very reasonable compared with the cost of the raw material

The new jute crop reports have been unsatisfactory during the past week, flooding being reported in many districts This would account for the hesitation displayed by sellers to offer the fibre for sale and also the advance of *20s* to *25s* per ton in some qualities Speculation in the jute trade appears to have received a check, and the trade seems to be more dependent on the legitimate demand from consumers, and this is especially noticeable in the London market

Dundee raw jute —The absence of offers for the greater part of the week resulted in a very quiet market. Sellers have shown extreme reserve, and though there was rather more offering yesterday, prices were sharply advaneed. *Bids have been sent out to Calcutta*, but these have practically all been ignored, though the rates offered were considered to be fairly reasonable Sales have been extremely few, and confined mostly to spot parcels, holders of which are inclined to wait for stiffer prices The offers yesterday included short groups of *First Marks* at £33 *5s* to £34, and *Lightnings* were from £31 *10s.* to £32 for good marks, August-September. *Triangle Jadodia Lightning*, guaranteed equal to Double Triangle DS, was quoted at £31-*10s*, and *Triangle Birla L* at £32 *7s. 6d*, while *Birla Hearts* were raised to £29 *17s. 6d*, July August shipment *Daisee* assortment was irregular at £30 *2s. 6d* for Ranglal to £30 *10s* for five actuals, and £30 for full L J.A group, September-October and October-November.

Motilal Tossa was offered at £31 17*s* 6*d*. for 2's and £31 7*s*. 6*d* for 3's. but as high as £33 was wanted by some sellers for assortment, same shipments The spot sales included:—Good DS Daisee-4 at £30; Daisee X3 at £28 10*s*; and Tossa-4 at £29 10*s*.

London raw jute.—A very uneventful week has resulted. Business throughout has proved of very limited dimensions, and there appears to be little to go upon at present Sellers have maintained a very reserved attitude and prices have been inclined to appreciate Meantime demand for manufactured goods continues small *and this reflects on the raw product*

Jute yarns—After passing through a very quiet week, jute yarns experienced more demand yesterday, and altogether the tone of the market was brighter Spinners refused all offers of business at less than 3*s*. 1*d* for common 8 lb cops and 3*s* 2*d* for 8 lb. spools, and these rates were fairly freely paid yesterday. The market has been badly depressed by some firms who have been anxious to buy, and they have made the most of the very lowest rates that spinners in need of business might have been willing to accept Twist was mentioned at $5\frac{1}{8}d$. possible for 3 ply 8 lb, but there are no sellers at less than 5 3-16*d*, while the very lowest for 24 lb sacking weft is $3\frac{5}{8}d$, less has not been possible, and even $3\frac{3}{4}d$ is firmly quoted by some spinners *Rove* cannot be obtained in fair ordinary quality at less than £17 for 200 lb, or £27 for 48 lb. Buyers have tried to break these rates without success. Fine yarns are steady, and carpet yarns have improved in business done.

Jute cloth—While a slightly better feeling may be infused into the jute cloth market by the advance in raw jute and gunnies, it cannot be said that any improvement has so far taken place in trade. Buyers have still taken only sufficient

to meet their immediate requirements, but manufacturers have appeared to be more determined not to reduce their prices further, and they have rather stopped more machinery or otherwise curtailed their production The lowest price for $10\frac{1}{2}$ oz 40 in. is 4 3-16*d* in the 40 in and wide widths, and for 8 oz. $3\frac{1}{8}d$ has been accepted for packed goods Medium widths are still slightly higher Linoleum hessians are meeting with little or no business, and consumers must be allowing their stocks to run to a low level The linoleum trade, however, is very dull all over Heavy goods are being purchased only in occasional lots

Calcutta goods —A sharp rise in prices took place last week-end. With Calcutta being on holiday during the first two days of the week there was little news, and prices named were very irregular, but there was little doubt that the position had become stronger. A slight lapse took place in the middle of the week, but firm conditions prevailed again at the close in Cacutta, though speculative sellers here have been again inclined to discount the Calcutta terms, which were yesterday 32*s* 3*d.* for 10 oz 40 in. and 24*s* 11*d* for 8 oz, June; 31*s*. 9*d*, and 24*s* 9*d* respectively, July-September; 30*s* and 23*s* 9*d*. for October-December; and 29*s* 3*d* and 23*s*. 3*d* for January-March. Heavy goods have been distinctly better all round

German jute trade.—The jute trade has changed but little. Orders have been placed to some extent, but insufficient to take up production. Generally the market has been featureless, but on several days there has been a slightly better feeling Buying continues of a hand-to mouth character, and forward delivery is still of little or no interest Some coarser yarns have been bought, but for weaving yarns there has been little demand on account of the fact that most mills in Germany are engaged in both spinning and weaving. The scarcity of orders for jute

cloth compels manufacturers to sell at cheap prices to obtain work to keep their establishments running even at 60 per cent. capacity Officially the prices for jute yarns and cloth show little or no change, but buyers with large orders can obtain concessions

The Statesman.

✓ *Bids......Calcutta.*—Offers to purchase have been made to Calcutta

First Marks, Lightning, Triangle Jadodia Lightnings, Triangle Birla L, Daisee, Motilal Tissa —These are varieties of raw jute

✓ *And this......product* —And this makes the price of raw jute weak.

✓ *Rose* —A variety of yarn

4. Cotton

Bombay, May 17, 1929

The net change over last week is a rise of 15 points in New York July values, which were quoted at 18.68 cents at the week-end.

Garsides released their estimate of April mill consumption in America on Friday last, which showed 635,000 bales This figure was extremely bullish as compared with last year's April consumption of 525,000 bales. The market was expecting the official consumption figure to be still higher, as it was generally believed that Garside's figures were always under-estimated There was a sudden rush to buy and nervous shorts were compelled to cover; the result was that New York old contracts improved on Monday by 21 points over last week. On Tuesday, however, the official consumption report was published, which showed 632,000 bales. This being less than Garside's estimate *bulls were disappointed and they liquidated their holdings in spite of unfavourable weather and other bullish factors,*) with the result that on Wednesday New York May and

July values were the same as at last week-end. It is important to note here that *although the old crop maintained its status quo*, new crop values were down 20 to 22 points on that day.

The fall in new crop values is largely attributed to fears regarding record acreage and a bumper crop It seems premature however to rely much upon the probabilities of a bumper crop at this stage of the season, for it is the yield per acre that matters more than record acreage. If present reports about weevil emergence and damage caused thereby are true, it seems the market will still have to face many periods of anxiety for which reason Garsides have definitely stated that it is much more important to have sound ideas about weevil probabilities than of acreage prospects.

The Government weekly weather report published on Wednesday last was rather unfavourable Should unfavourable weather continue and the basis grow stronger, as it is doing at present, higher prices are looked for. The strike in three Carolina mills having been settled, a robust feeling now prevails in the market

The Government report showing revised figures of acreage and yield for 1928 is scheduled to be published today. Ordinarily it should have no effect upon prices but if it shows possibilities of a smaller carry over, higher prices are likely to be sustained.

Finally, it seems profitable, according to Messrs. Munds and Winslow, to buy when spots are weak and wait for an opportunity to take profits.

Owing to the local strike and *bearish overseas advices*, the lowest rates of Rs 332-12 and Rs 345 for Broach July-August and new Broach were touched on Friday last but since then quite a cheery feeling has prevailed in the market consequent upon Garside's bullish consumption

estimate and the market continuously improved until Tuesday, when the highest rates of Rs. 341-8 and Rs. 354 for old and new Broach were touched. On Wednesday and Thursday however the market again sagged in the absence of any support from America and besides this the local strike situation had also taken a very ugly turn There were constant reports about riots and *satyagraha* for wages, which temporarily suspended any bullish activity and the week closed with Broach July August and new Broach at Rs 335 and Rs 347 8 respectively. The net change over last week is a loss of Rs 3 8 and Rs. 4-8 in the values of these contracts. To-day the market has improved somewhat and this improvement is expected to be sustained for some time

Export demand is moderate but spot rates are firm. While Fully Good Broach has advanced Rs 5 over last week, Oomra Fine and Bengals Fully Good have risen by Rs 6 and 11 respectively *It seems as if investors in ready cotton will soon have an opportunity to relish profits.*

Local stocks stand at 12,67,000 bales at the week-end

The Statesman

Bulls .....factors —With prices likely to fall, the bulls became hopeless and began to sell their holdings, although bad weather and other causes suggested that prices would rise.

Although .. status quo —Although the old crop prices remained unchanged

Bearish overseas advices —News from America that prices were likely to fall

It seems... ..profits.—Buyers of ready cotton will soon be able to sell it at a profit, that is, the price is about to rise shortly

5. Cotton

Bombay, July 19, 1929.

The main factors affecting cotton prices during the week under review were: issuance of the official mill con-

sumption report, quick changes recorded by the weathercock and barometer changing the crop outlook, optimistic strike news from Lancashire, increasing weevil activity and fears about scarcity of contracts engendered by the complete monopoly over New York stocks exercised by some important *spot houses*

As expected last week, the official mill consumption report for June was bearish and showed 570,000 bales as against 668,000 bales consumed during the previous month and 510,000 bales during June 1928. Added to this there were reports about favourable weather and the crop outlook was claimed to have improved. The net result of these two factors was *professional selling* and liquidation by disappointed bulls.

The market recorded the lowest levels on Monday, when October values declined below 18 cents. From Tuesday however weather and crop outlook underwent sudden changes There were reports of heavy boll weevil activity, drought in Texas and unwanted rains in the Eastern belt A better tone prevailed also in Liverpool on account of Government intervention in the Lancashire wages dispute.

In short, the market having been already oversold, shorts were caught napping with the above news They came in post haste to cover their commitments. The result was that January values improved by 38 points on Tuesday and again by 59 points on the following day. New York October improved by full one cent within two days Those shorts who had fears about their commitments in the early months transferred their sales to distant months and therefore the March and May 1930 positions did not improve to the extent to which the earlier months did.

New York stocks now aggregating about 160,000 bales are entirely monopolized by one or two powerful spot

houses in New York and this factor alone is expected to bring about a spectacular change during or at about the end of next week, making shorts unusually uneasy.

Cochran's forecast predicting boll weevil depredation with effect from July 15 has proved too correct to be missed. The Government weekly report, though generally favourable for growth of plants, has not failed to mention the weevil menace. This menace is scheduled to exist for five weeks more unless of course favourable weather comes in to counteract it Even though the market may rise with increasing weevil reports on Tuesdays and Wednesdays, discretion seems to be the better part of valour and hence profit-taking with the view to replace funds in cotton at every fresh setback is advised.

Bombay position.—The local market recorded the lowest levels of Rs 311 and Rs 325 for Broach July and New April-May respectively on Tuesday last The reasons for this decline were bearish overseas advices, bearish American mill consumption, favourable monsoon conditions all over India and a bad turn taken by the local strike. The market had become oversold

From Wednesday however the market improved with weevil news from America and the week closed yesterday with Broach July August and April May at Rs. 326 8 and Rs. 340-12 respectively, which marks a net rise of Rs 7 8 and Rs 10 4 respectively over last week, Oomras Old and New have advanced from between Rs. 12 to Rs 13; Bengals New by nearly Rs 13 and Spot Oomra Fines and Broach Fully Goods by Rs. 6 to Rs. 7 *The market being heavily oversold prices may improve still further* if there should be more weevil activity in America.

Export demand is fair and stocks are decreasing each week, but in view of the rapid advance recorded during the last two days it is advisable to take profits at present

levels and again buy cotton at any fresh setback. Operators should closely watch the situation as the opportunity is fast approaching for the selling of hedges against New Crop.

The Statesman.

Spot houses —Concerns which deal in ready cotton.

Professional selling.—Sales made by bears

The market......further.—The price may rise because covering purchases have to be made.

6. Piece Goods

Bombay, August 23, 1929.

We have still to report a very discouraging market. Apart from the question of any wholesale demand, there is hardly any retail inquiry of note visible What retail inquiry there is, is hardly helping. As for ruling rates here, they are more or less steady. They are low enough, lower than the requirements from Manchester for most of the styles Any further downward tendency will make the already bad situation still worse

Goods of *defaulting indentors* may have been largely liquidated, but certainly at prices which have left heavy losses to those concerned, and these resales have certainly affected bonafide merchants We bear there is still fairly heavy stock with firms—speculative purchases —which are being disposed of at heavier losses to the holders, and so anxious are the buyers to sell that they do so at small profits for themselves. Bleached cloths. Colour and White Fancies, Prints, Dhoties, all these styles have been speculated upon and are to be liquidated at best obtainable prices, and *these prices must be poor by our dealers.* If we add to this unfortunate factor the

very adverse factor of foreign goods so disastrously making inroads on our market, the sum total must result in slack demand, in expectation of lower prices, and consequently poor hopes of fresh trade of any note. Stocks of British goods however are small, and at any time demand so long absent may, as it has in past, change the situation. Day follows night, *and surely some brighter lining may soon be visible amongst the dark chasing clouds.*

The strike on the other side has ended as expected, thanks both to reasoned Labour and Capital. Where you honestly believe your cause to be in the right, let Arbitration mend matters.

Not so with Labour here. The leaders of Labour dare not starve the game. Fresh and stronger picketting and sly intimidation wherever possible must empty the coffers of the poor workmen. Do the leaders ever starve as do their flock ? God save us from such friends. The result of the inquiry will shortly be out. We anxiously await not only the decisions but whether these suggestions will be carried out or shelved The Industry is doing its best to carry on, but let the Clarion call be not only " Reorganize Labour ", but "Reorganise Labour, Capital and the whole organisation " *The mills do need sounder basis to work upon.*

If we look at the stocks on 31-7-29, the total packages are about 79,000 of which 34,000 are sold but not delivered and 45,000 packages unsold. The situation as compared with last month is that the total has increased by some 2,000 packages, but the unsold stock has decreased by about 4,000 packages. The sold but undelivered stock is higher by 6,000 packages However the demand during the month is better, as also the Mills output has been increasing.

We quote bazar rates as follows :—

	Rs.	a.	p.
No 2000 " Fari " Grey Shirtings per piece	9	8	0
" 18 " Grey Jacconets per piece ...	5	11	0
" Pepperell " Grey Drills per piece ...	17	4	0
Japanese " Elephant " Grey Drills per piece	13	1	0
" 88/888 " White Nainsooks per piece ...	3	9	0
" 1703 " White Mulls per piece ...	12	6	0
" 6000 " White Mulls per piece ...	8	14	0
" 88 " White Mulls per piece ...	5	14	0
" 1500 " Leipmann's White Shirtings per piece	18	4	0
" H.B T. C. 40000 " White Shirtings per piece	21	4	0
C—4,000 White Shirtings per piece ...	24	0	0
Chocolate Jean Prints per yard ...	0	6	4

The Times of India.

— *Defaulting indentors* – Purchasers of piece-goods, who failed to take delivery.

These......dealers —These prices are low as far as *bona fide* merchants are concerned

And surely .....clouds —And surely after this period of dull trade some demand will arise and lead to better prices

The strike on the other side —The strike in Lancashire mills.

The mills......upon.—The cotton mills need thorough reorganisation.

7. Piece-Goods.

Calcutta, February 20, 1929.

A healthy feeling prevails in our market, but demand has not broadened to any appreciable extent. No settlement has yet been arrived at in the dispute between the bazar parties in the matter of credit facilities and discounts,

referred to in these columns previously, and business in Dhooties particularly is severely curtailed. Prices in the bazar rule steady and as stocks in certain standard qualities of Dhooties are very low, an appreciable rise in price has taken place in these cloths Miscellaneous sorts are in fair request and business in moderate lots is reported The *Daccaputty dealers* who have with-held purchases as a result of the above difference are reported to be holding fairly large orders for cloth for the various consuming centres of Bengal, and it is anticipated that as soon as they commence buying values will move upwards. As the buying season is far advanced an early reconciliation between the two parties is imperative. Negotiations are in progress and a settlement is expected at any moment In Dhooties forward sales up to March shipment *in retail lots* are mentioned, and as shippers are no longer able to give this delivery fresh orders are at a standstill. Enquiry, too, for replacement business has dwindled down considerably, and it is some time now that any forward sale of magnitude in *the "Bread and Butter" styles* has been out in the bazar. In *cold weather styles* business continues to be done in rugs, shawls and plain woollens for next July-August shipment, but the quantities placed are unsatisfactory *Bradford styles* are also attracting attention, but so far no important transaction is recorded in the bazar Demand for the Indian made cloth is normal with prices showing no change No fresh sales are recorded in the bazar. The recent rioting in Bombay had a depressing effect but conditions are normal again.

Dhooties.—Demand is expected to broaden as soon as the Daccaputty dealers commence buying. Values rule firm and are expected to appreciate shortly.

Whites (Mulls, Nainsooks and Shirtings).—A better feeling exists in this section as a result of upcountry

demand. Forward business is difficult to arrange on account of high replacement costs.

Greys—Trade in this style is still unsatisfactory. Demand is gradually falling off and Home cloth is being replaced by Japanese and Indian manufactures.

A Manchester report, while lamenting the diminished turnover, states that the tone of the cloth market is quite healthy, prices remaining steady, and manufacturers maintaining their attitude of firmness Dhootie business for Calcutta has been on a strictly limited scale More could have been done had manufacturers been able to give the required delivery, but merchants abroad offering no further ahead than March, manufacturers were unable to meet them except in isolated cases Bombay has purchased fair quantities of bleaching and printing cloths, and also done a fair business in fancies. Demand for light fabrics for India generally has been of less extent, though some moderate quantities of jacconets, mulls and other styles has been done for Bombay, Karachi and upcountry. China has shown less activity, though there is still a fair undercurrent of inquiry. The last of the auctions to be held at Shanghai until after the Chinese New Year on February 10 again showed satisfactory results On the whole, quite a useful business has gone through for Shanghai and Hongkong; further offers for whites, greys and fancies are under consideration. There is a more general improvement in the demand for artificial silk fabrics. A good enquiry is being received from India, but many of the offers are poor.

The Commerce.

Daccaputty dealers—Cloth merchants carrying on business in Daccaputty, a street in Calcutta.

In retail lots—In small quantities.

The 'Bread and Butter' styles.—Those piece-goods in which it is more profitable to deal.

Cold weather styles.—Woollen piece-goods, such as rugs, blankets, shawls, etc.

Bradford styles.—Woollens.

8. Piece-goods.

The condition of the piecegoods market during the past week has certainly changed and in some styles there has been a slight improvement

Relatively, little fresh forward business has been completed due to a firmer attitude adopted by *shippers*, and this *while interfering with placements* has had the effect of maintaining rates ruling here, and in some instances bazaar prices have actually been raised This is, however, not to say that the position generally can yet be termed as satisfactory, and in many quarters the feeling still exists that values must come down. In this connexion, however, home reports are a trifle more bullish and any sign of boll weevil in the crop or other adverse factor would immediately be reflected in an increase in the price of the raw material.

In the opinion of one authority on the subject the American market is at present extremely sensitive, and apart from the above-mentioned points he adds that an increased off-take by consumers would warrant a revulsion of feeling and a higher price level might be reached almost any time overnight.

While the Near East markets have been disappointing and demand from China has not come up to expectations, there has been a fresh outbreak of the anti-Japanese boycott in the latter country which, if continued, will mean a better demand for English and Continental goods at the auctions.

At the same time reports from Lancashire speak of a marked revival in the Home trade which is helping manufacturers to some extent. This last-named feature does not, however, have any direct bearing on styles which are essentially Indian, such as dhooties, mulls, nainsooks etc., except inasmuch as there is more demand for raw cotton and yarn.

Stocks of dhooties are heavy but prices during the week have been maintained, and some slight improvement is looked for in the near future despite the fact that, nowadays, in addition to the European and Indian importer we have the *dealer-importer* to consider in our reckonings, who, as a rule, is a weak holder and as such is a distinct thorn in the flesh of those who confine themselves strictly to importing and selling to dealers. The bulk of the stocks are held by Indian importers, and it is not without interest to note from Mr. A. C. Lakhani's circular for April the big increase in the imports of dhooties—not only for that month but also for the first four months of the year—and the proportion on account of foreign and Indian importers, respectively.

	Foreign Importers	Indian Importers	Total
April 1929	... 6,191	9,265	15,456
April 1928	... 6,515	6,703	13,218
Jan.-April 1929	... 19,960	33,477	53,437
Jan.-April 1928	... 21,151	22,724	43,875

From the foregoing it will be seen that while foreign importers have actually brought in a slightly less quantity this year, Indian importers have increased their figures very considerably. The imports of grey shirtings have this year been approximately double of what they were in 1928—the packages for the four months totalling 22,607

and 11,971 of which 13,220 and 5,852, respectively, were on account of Indian importers.

In the white section—with the exception of a sale of standard shirtings by a leading house for May-June-July—no business of note has been concluded. Other importers are offering their *equivalent marks* at approximately the same rates for July-August-September but up to the present are without buyers. There is some demand for mulls in evidence and in consequence rates are steady. Inquiry for nainsooks is, however, lacking and bazaar rates indicate an easier tendency. Manufacturers' requirements are very irregular and concessions are obtainable by those who can find makers with idle looms.

Printed sarries are moving off satisfactorily and some sales are reported for August September shipments by *offices who had bought on own account.*

Dealers interested in fancies are finding buyers—though it is doubtful whether rates realized are remunerative—except in a few instances such as white Beatrice twills, white ground and chocolate prints. The heavy stocks of Japanese printed twills and fancy styles generally, and the lower rates ruling for these varieties, have undoubtedly had their effect on Manchester, Bradford and Continental fancies.

Yarns are a dull market Some little business has been completed in 60/40s Turkey Red, 54/40s and 44/40s coloured, *but no great weight has been entered* as Manchester is remarkably firm and buyers are disinterested and only prepared to operate at comparatively low levels.

Offtake in the Punjab, which had shown some improvement after the grain had been harvested at the end of last month, has received a little set-back during the past week

owing to the "Red" leaflets which have been received by some of the dealers. These intimidating tactics are undoubtedly upsetting to the market Stocks are mainly heavy, although some reduction has recently been seen in White styles which had become a trifle unwieldy. *Rates generally are, however, not yet up to replacement levels*, and there is no marked desire on the part of dealers to operate.

Shippers —Shipping agents in England Piece goods are usually imported though shipping agents in England, who procure them from manufacturers.

While .. ..placements —While restricting the number of orders placed

Dealer-importer —A piece-goods merchant who imports direct and not through an import agent in India.

Equivalent marks —Other goods of the same quality.

Offices . account —Shippers who had first purchased on their own account, and who therefore did not act as agents.

But no .. ..entered —But no business of any magnitude has been done.

Rates .....levels —The prices ruling in the bazar are still lower than those at which fresh goods can be imported.

9 Sugar.

The preliminary signs of improvement manifested last week have this week given place to a very definite rise in rates in all markets and a very marked buoyancy of feeling compared with the deathly depression that for so long overshadowed all markets

The first more definite turn for the better was given by the action of the *Trust* in referring to Headquarters in Holland an offer for further quantities at 12 Guilders.

Two hundred thousand tons of whites at 12 Guilders and some 25,000 tons of browns at 10-5/16 were, however, accepted. It is now reported that for further quantities the Trust have refused $12\frac{1}{4}$ Guilders and the Java market is accordingly firm with an upward tendency.

All markets have reacted swiftly to this news with the exception of this our market *which more suo has lagged on events.* Bombay is reported to have brought some 40,000 tons during the past few days while the Karachi market which has been doing all this while a small and unenthusiastic business has advanced appreciably and, though no figures are available, it is supposed that the larger operators there *will not have been caught napping* Total business done during the week in this market can be put down at about 12,000 tons in all, and at rates lower than those now current given below.

	Rs a. p.	Last week. Rs. a. p.
Ready	9 1 9	9 3 6
July Sept. ... —	9 0 3	8 15 3
Oct.-Dec.	9 1 0	8 15 9
Jan.-March	9 2 0	9 1 6

Deliveries up to June 29, compared with those for the preceding week and the corresponding week last year were :—

	(in cwt.)	Last week.	1928.
From Calcutta by all routes ...	72,439	60,318	45,793
From Bombay by rail	23,888	34,328	6,504
From Karachi by rail	40,942	57,511	61,416

In spite of arrivals from Java to all ports stocks are again down all round.

(In bags 10 bags=1 ton).

		Last week.	1928.
Calcutta ...	1,94,917	2,23,454	91,677
Bombay ...	76,000	1,03,000	1,500
Karachi ...	87,900	1,12,000	42,000
Madras ...	30,000	35,000	4,000
Rangoon ...	19,240	15,240	35,720
	4,08,057	4,88,694	1,73,897

In Europe the general improvement has been maintained largely on the strength of the meeting convened at Brussels of the chief producers to discuss questions of *individual export quotas* and to prevent *dumping* The failure of last year's conference need scarcely be recalled Java's strong position financially and from the point of view of the then dominant crop, enabled her to stand out and wreck all hopes based on whatever decision the heterogenous convention might have come to This time it is reported that Java is to be " invited to co-operate."

B. R. B. quotations c & f. Bombay are now 12*s* 3*d*. and Continental Granulated 12*s*., as against quotations of 12*s*. and 11*s* 6*d*. last week.

The Cuba market seems to have taken the turn most enthusiastically to heart and the prices for sugar option have moved up in a most sensational way The Cuban Pool still holds 250,000 tons unsold but is determined to hold firmly encouraged, no doubt, by the President's speech in favour of crop restrictions.

The Statesman.

Trust.—The Java Sugar Trust.

All markets......news.—This bullish news quickly led to a rise in prices in all markets

Which......events.—Which peculiarly remains unaffected. *More so* means in its peculiar way

Will not......napping.—Will not have been surprised or taken unawares.

Individual export quotas.—The quantities which each producer could export to other countries.

Dumping.—Selling a commodity in a foreign country at a price lower than that which is realised in the country in which it is produced.

10. Sugar

Messrs. Bird and Co., Cawnpore, in their sugar bulletin for the week ended April 13, state :—

At importing centres prices for Java white declined at the beginning of the week to strengthen at the close. Prices were :—

Calcutta, Ready, Rs 9-6-6 to Rs 9-8-0 ; April, Rs. 9-9-6 ; May Rs 9-11-0

Bombay, Ready, Rs 9-8-0 ; April, Rs 9-11-0 ; May, Rs 9-12-0

Jamnagar, Ready, Rs 9-7-0 , April, Rs 9-8-0 ; May Rs. 9-9-6.

Karachi, Ready, Rs 9-11-6 ; May, Rs 9-12-0.

Calcutta.—Prices again declined, reaching Rs. 9-6-6, but at the close of the week a revival took place and the market gained in strength. Reasons for the fall in price were given last week, but fortunately although overlapping of Java shipments led to large stocks, demand and daily offtake has been good The new Bengali year began during the week accompanied by celebrations and feasting, which has encouraged demand and the daily turnover in Calcutta is reported to be 15,000 bags.

Bombay.—In sympathy with other main Indian ports the market remained inactive. There is little demand and importers of Java sugar appear to be adopting an atti-

tude of "wait and see," hoping that nearer the advent of the new crop they will be able to obtain favourable prices.

Jamnagar.—Although the market declined early in the week about annas 3 it steadied at the close and demand was good. Turnover was satisfactory and dealers still fear a shortage. Present stocks are only 52,000 bags including both white and brown sugars, and with daily clearances averaging, 2,500 bags it does not seem that stocks will last long.

Karachi—Unlike other ports prices strengthened, chiefly due to holders of stocks showing little desire to sell unless they obtain high prices. This strength remained in spite of the arrival of two steamers the "s.s Domolo" and "s.s Romoli" bearing about 42,000 bags of B R. B. Beet. The quality of this beet sugar is excellent and this fetches a better price than Java.

Delhi and the Punjab.—Little business is reported, dealers doing a hand-to mouth trade Dealers have had to take up their March portion of forward sales made by Indian factories This has occurred on a dull market and consequently inconvenience has been felt both as regards finance and storage Most merchants are endevouring to resell these parcels to outside markets. Further north there is little to report, though perhaps dealers are gradually coming to the conclusion that prices will shortly advance and consequently perhaps next week news of this market will be more interesting.

Cawnpore.—The situation reported last week remains unchanged. *Parcels of March commitments* are arriving in the market, and in an endeavour to resell these stocks are being offered at prices below the Java parity. Demand

is poor and money is extremely tight. As regards crushed sugars, the demand for this quality is conspicuous by its absence.

General.—Many importers anticipated a substantial reduction in freights from Java to India for next season's crop. Fortunately for the Indian sugar trade it is now reported that shipping companies, who were previously competing with freight quotations, have now come to an agreement, and it may therefore confidently be expected that if anything an increase in freight is more likely to occur than a reduction This is one of the few optimistic items of news so far received.

The Pioneer.

✓ *Parcels of March commitments*—Sugar ordered for delivery in March.

II. Bullion.

Calcutta, February 20, 1929

Gold.—The London gold rate remained stationary at 84·11½*d.* The London New York cross rate declined from 485 7·8 to 485 7·32. The sterling exchange remained unchanged at 1 5 31-32*d* On February 13, 1929, tenders to the amount of £350,000 at 1*s.* 6*d.* were received and allotted in full. Lower tenders were rejected £1 million will be offered for tenders on Wednesday, February 20, on the same conditions. The bank rate has been improved at 8 per cent The local gold market remained unchanged at Rs. 21-11 for Ready, 21-10 for 1st settlement and 21-9 for 2nd settlement respectively. The daily average off take is reported about 4,000 tolas from Calcutta and 15,000 tolas from Bombay. The stocks are estimated about 40,000 tolas in Calcutta and 1 lakh tolas in Bombay The shipments are as follows :—Gold from London to India, £75,000.

Silver.—The London silver rate declined from $25\frac{3}{4}$ and 25 13-16 to $25\frac{5}{8}$ and 25 11-16 for spot and forward respectively but again improved to $25\frac{7}{8}$ for both spot and forward The Shanghai rate closed at $27\frac{3}{4}$ The local silver market also declined from Rs 59, 58-12 and 58-14 to 58-9, 58 6-6 and 58 8-6 but again improved to Rs. 58-14, 58-12 and 58-14 for Ready, 1st and 2nd settlements respectively The daily average off-take is reported about 70 bars from Calcutta and 310 bars from Bombay. The stocks are estimated about 1,400 bars in Calcutta, 4,900 bars in Bombay and 2 million ounces in London. The shipments are as follows :—Silver from London to India, £12,500

The Commerce.

Note —In the bullion market there are monthly settlements of all forward business done.

12. Bullion.

Bombay, May 17, 1929.

The gold market was inactive during the week and the price of ready was almost stationary at Rs. 21-6 3 per tola. The daily average off-take stands at about 13,000 tolas and stocks on hand were reduced to about $2\frac{1}{2}$ lakhs tolas. Ready sovereigns were again dealt in at Rs 13-7-9, the quotation for June 19 delivery being the same.

In London the quotation for gold, after declining to 84*s.* $10\frac{7}{8}$*d*, closed at 84*s.* $11\frac{1}{4}$*d.* In our market the highest and lowest rates were Rs 21-6-6 and Rs. 21-6-0 for ready, Rs. 21-7 0 and Rs 21-6-0 for May 24 settlement and Rs. 21-7-3 and Rs 21-6-9 for June 24 settlement.

The incoming mail is expected to bring £30,000 gold. Inclusive of these arrivals and exclusive of the present week's shipment the total visible supply from London to

India is about £80,000. The total imports during the week amounted to Rs. 15,11,257 in bar and coin. This week's shipment from London is expected to be £25,000.

Silver.—Prices in the silver market tended downward this week and lapsed about a couple of annas every day. Sales on American account and weak advices from Shanghai were the responsible factors. Ready declined persistently from Rs. 57·11 to Rs. 57-2 per 100 tolas The daily off-take has declined to the average of 130 bars, while stocks on hand are estimated at about 2,200 bars. However, there is a fairly large shipment *en route* from abroad for this market.

In Shanghai the rate for T T on London declined from *2s* $5\frac{13}{16}$*d* to *2s* $5\frac{9}{16}$*d* The highest and lowest rates in London were $25\frac{3}{8}$*d* and $25\frac{1}{16}$*d* for ready as well as forward. In our market the highest and lowest rates were Rs 57·11 and Rs 57-2 for ready, Rs. 57·12 and Rs. 57·3 for May settlement and Rs 57 11 and Rs. 57-2 for June 27 settlement

There is no silver arriving by the incoming mail Exclusive of the present week's shipment the toal visible supply from London to India is about £230,000. The total imports during the week amounted to 1,101 bars and Rs 20,837 in coin This week's shipment from London is expected to be £80,000 to China with option to Bombay.

The Statesman.

13. Rubber

Messrs Symington and Sinclair in their weekly rubber market report, dated London, February 14, state :

Since our last Report the Rubber Market has developed fresh activity and prices have moved upwards. There was a slight set-back on Thursday owing to the

rise of 1 per cent. in the Bank of England rate, but the setback was of short duration, and by Thursday evening the Market had started a recovery.

At the time of writing prices show an advance of 9/16*d* per lb. for Spot, April/June and July/September, and ½*d*. per lb. for October/December compared with those quoted here last week

There has been some trade buying this week English manufacturers have been in the market to a certain extent and some Continental manufacturers have also bought, though we believe that Hamburg dealers have re-sold some rubber to London The principal demand has come from America where apparently American dealers and speculators are looking for a favourable report of the January consumption when, the *Questionnaire* figures are published. These are expected to be out at any moment now.

As having some bearing on the American situation we quote the following from the "Automotive Industries", dated Philadelphia, February 2, and just received :—

With new car sales reported from 5 to 12 per cent. higher in January than for the same period a year ago, dealers throughout the country are optimistic over the prospects for a brisk spring season In some sections, it is reported that unfavourable weather conditions have caused buyers to defer purchases, and this makes the future outlook even more favourable.

Car production of member companies of the National Automobile Chamber of Commerce for January with the last four days estimated will total 267,900 This figure, which does not include the Ford Motor Co., sets new January record, exceeding January 1928, by 15 per cent., and December 1928, by 12 per cent.

New models introduced during the automobile show season have created wide interest and many dealers

anticipate difficulty in obtaining stocks to fill demands when the selling season gets fully under way.

Speculative Instinct.—As regards the effect of dear money in America and here we have heard opinion expressed that the Federal Reserve Banks' efforts to check speculation in stocks and shares on Wall Street may have the effect of driving speculators into commodity speculation. Up to recent times the speculative instinct would have found its outlet mainly in Cotton, Grain, Hogs, Sugar and Coffee We believe that Rubber must now be added to the list. This is going to make any calculation of the effect of statistics on price much more difficult. Signs are not wanting that Rubber may become somewhat of a speculative counter on this side also, that is in England and the Continent There is a certain amount of money always about for speculation, and if Stock Exchange speculation is discouraged by dear money the result may easily be to drive some of that money into commodities Rubber is an article which at its present price rather appeals to the speculator. Even talk of further rise in the Bank rate has had no effect in checking the advance here this week

The Pioneer.

14 Shellac.

Calcutta, February 20, 1929.

Prices of shellac have advanced considerably since our last report was issued, although at the close they are slightly below the highest points touched A good business was done during the advance in all qualities of Shellac, Buttonlac and Seedlac for both ready and February March delivery There has however been a marked absence of sellers for the April-May (new crop) position owing to adverse reports of the next Bysaky crop, which, according to the Indian Lac Association's preliminary report, is esti-

mated to be about 50 per cent of normal. Prices are quoted as follows :—12 per cent. TN, Rs. 75 to Rs 85 to Rs. 83 done for ready to March delivery ; ITN, Rs. 82 to Rs. 90 to Rs. 88 done for ready delivery ; TN, Rs. 85 to Rs. 93 to Rs 91 done for ready to March delivery ; Standard I, Rs. 87 to Rs 95 to Rs 92 done for ready delivery ; Fines and Superfines, Rs 93 to Rs 105 done for ready delivery according to quality ; Bysaky Seedlac, Rs. 74 to Rs 81 to Rs, 78 done for ready to March delivery : Kireelac, Rs. 27 to Rs 31 done for ready to March delivery

Shipments and arrivals during the whole of January last were about 37,770 packages and 2,420 tons as compared with about 31,200 packages and 1,950 tons in January last year, while during February current up to the 10th they are about 11,500 packages and 670 tons against about 8,900 packages and 250 tons during the same period last year

The Commerce.

15. Oil Seeds.

Linseed —Supplies continue limited. The market keeps quiet but steady with prices fluctuating on a small range. Operations in ready lots are being made at Rs 7-12 per B md., packed in gunnies for *5 per cent refraction* small grain linseed and two annas more for bold. Mills' buying during the interval has been limited.

Rape and Mustard Seed.—Trade for export has been limited since our last, but prices fully maintained as supplies continue small To meet immediate local demand sales have been passing in ready lots at Rs 9-12 to Rs 10-12 for yellow, Rs. 8 6 to Rs 8-10 for brown and Rs 8 6 to Rs. 8-14 for rye, per B. md , packed in bags

Castor Seed —Meagre supplies and light stocks have caused the market to remain steady although the amount of

business passing has been on a limited scale. Rates quoted for Bengal and up-country sorts are Rs. 6-12 to Rs. 7 per B. md., packed in bags. Little is doing in the way of export.

The Commerce.

16. Oils.

Castor Oil.—The week under review has been a quiet one with little business on the record as far as export business is concerned. There is no change in prices to report as production is small. The asking rates continue to be Rs. 18 for No. 1 Fine pale medicinal quality, Rs. 16-8 for good seconds and Rs. 15-12 for Australian thirds, per B. md., loose for near and early delivery.

Rape and Mustard Oil.—Demand for export has been slack throughout the interval but there is little change in prices to report owing to limited production. Local sales in ready lots are being transacted at Rs 18 to Rs 24 per B. md, loose, according to quality for Mill-made oils. Lower grades are more or less mixed with linseed oil.

Cocoanut Oil.—Export trade is small and sellers find it difficult to interest buyers. A steady feeling continues as production is small and arrivals of Cochin are irregular. Sales to meet immediate local and country requirements are making at Rs. 23 to Rs. 24 per B. md., loose according to grades

Groundnut Oil.—The off-take has been of only limited dimensions but the general level of values show no change as local production is curtailed and arrivals of Madras are limited. Prices continue to stand at Rs 20 to Rs. 22 per B. md, loose, according to quality. Madras white is realising the top rate.

The Commerce.

17. Tea.

London, September 19, 1929.

Apart from the improvement at the *Mincing Lane sales*, there is very little to record in regard to the tea position this week The market for tea shares continues quiet and transactions are limited in number.

Although offerings of Indian tea were larger this week, the tone at Monday's auction, when 33,993 packages were brought forward, was more favourable to sellers Demand was good for practically all grades and useful common kinds were inquired for at firm to better prices. Plain medium teas showed some irregularity, but there was keen competition for qualities above the ordinary.

On Wednesday when the balance of 30,089 packages came to auction, demand was again strong especially for clean common kinds and tippy teas Low medium grades were irregular, owing mainly to variations in quality

Ceylon supplies comprised 20,947 packages which were offered on Tuesday. Demand here was keen and leaf teas were wanted for export Common and medium kinds were firm and in many cases rather dearer and finest invoices brought higher rates.

The Java demand was quieter and as the sale progressed prices eased off and at the close showed an irregular decline of about $\frac{1}{2}d$ per lb, except for the few stand out parcels. The freight rate from Java to Europe has, it is understood, been reduced to the extent of about 20 per cent.

The London Tea Brokers' Association's average prices for this week's sales, with the usual comparisons, are as follows :—

		This week.		Last week		Corresponding sales 1928	
		s	d	s	d.	s	d
N. India	...	1	4 29	1	4.85	1	5 69
S. India	...	1	0.42	1	0 28	1	2.20
Ceylon	...	1	6 04	1	5 51	1	7.80
Java	...		10.22		10 71		10.02

The Northern India district averages are: Assam, *1s.* 6.56*d* against 1*s.* 8 14*d* at the corresponding sales last year; Darjeeling 2*s.* 0 66*d* against 2s. 2 61*d*; Dooars, 1*s* 1 32*d* against 1*s.* 2 16*d.*; Cachar and Sylhet, 10 95*d.* against 11·03*d.*

The Statesman.

Mincing Lane sales.—Auctions held in Mincing Lane, a place where foreign produce is sold.

18 Coffee

Mangalore, August 24, 1929.

The futures continue to be most uncertain The inquiry emanating at present from the major Western markets is said to be most discouraging in respect of both the new and the old crop. A noticeable depression consequently prevails and *no forward contracts are materialising* as far as Mysore coffee is concerned. As far as sales duly confirmed go, some 70 tons of Coorg plantation coffee have so far been sold by the planters No forward contract for ex-bags delivery seems to have been closed as yet; the transaction mentioned in the last report has not yet been confirmed Standing whole crop cherry is said to be demanded at Rs. 360 per candy by inland buyers, but no contract seems to have been so far closed. The brokers of Mysore crop are not for the present prepared to part with the standing coffee at Rs 70, and the offers from the foreign markets are not liberal enough to pay

more for the present, whatever turn the market may take as the season advances. The unsold balance of the last year's crop is being bleached in the "monsooning" stacks and have no sales This fact has held back the owners from the forward market to seize the standing crop Speculators last year paid as much as Rs. 88 for a hundred-weight of the plantation coffee

The Rio market is again rising, it being now 16 cents. Events on the other side of the Atlantic, however, fail to influence local speculators. An average crop is said to be maturing in San Paulo and other planting parts of South America and that fact alone concerns the speculators here. Nearly 1,000 tons of plantation crop were sold last year by the middle of August, but the buyers who paid the higher prices lost heavily when the crop contracted in the spot market. An encouraging sign from the Western markets can, however, change the face of things in a moment and shippers from this port await events from European markets

The Times of India.

No forward......materialising —No forward business is being completed

19. Metals.

Calcutta, August 20, 1929.

The following is the Metal and Paint Market Report sent by Messrs Gopal Chunder Dass and Co., Ltd, Calcutta :—

The long hoped for improvement in trade seems slow in coming, and the expected autumn revival shows small signs of materializing. The uncertainty in regard to the coal position is no doubt largely responsible for the existing depression.

Tin.—The market has been active throughout the week Railways have continued to absorb large quantities and the consumption in that quarter shows no sign of abatement With little or no expansion in the supplies and with the visible stock diminishing, there would seem small prospect of any fall in values. On the other hand, there is every indication that the price will rise to a higher level

Copper.—The market for copper has been dull and mainly for this reason a little ground has been lost, though there has been occasional slight anxiety to sell by prominent dealers Consumption in the Wire and Sheet trade keeps up very well, but there is a lack of buying power in the brass industry, which is disappointing.

Lead—Unsettled conditions have prevailed in this market, and as a consequence the demand from the Chemical Manufacturers has been rather less insistent on the whole

The Pioneer.

20 Madras Markets.

Madras, August 25, 1929

Groundnut Kernels—Stocks in the local bazaar are very limited, and arrivals from the Northern Districts have fallen off considerably During the week ending August 19, arrivals into Madras amounted to only 57,302 bags or 4,511 tons, as against 95,218 bags or 7,497 tons returned for the previous week Firms have reduced their limits which now range from Rs. 52 8 to Rs. 53-4 per French Candy, ex-coast go downs The centre of interest has now shifted to Pollachi where the season has commenced in good earnest, and large arrivals are reported. Calcutta dealers buying mainly for crushers in Calcutta continue to be very active in the Pollachi market, and have paid Rs. 43-8 to Rs. 46

per French Candy, ex Pollachi godowns for Red quality, *kutcha* kernels losing 2 per cent to 5 per cent. Firms' limits for *pucca* kernels at Pollachi are reported to be Rs 47 8 per French Candy, ex Pollachi godowns for Red quality, and Rs. 48·4 per French Candy, ex Pollachi godowns for white kernels known as the Rose quality. For the past four days Pollachi has had rain with intervals of fine weather But since yesterday the monsoon has held off and the weather has cleared, and if clear weather continues for another four days, fully dried *pucca* goods will be available The freight market is firm, owing mainly to news of *kernel charters* placed at *27s 6d* for August September. *26s. 3d* has been paid for September loading to Northern ports and Marseilles Further developments in the market are awaited with interest. In the foreign trade returns for the Madras Presidency for July ground-nuts head the list of exports with a value of Rs 93 lakhs as compared with Rs 128 25 lakhs in July 1928, a decline of 27 per cent due to poorer demand from Europe.

Tanned hides and skins —Demand in the Tanned Cow market continues brisk for all weights at steady to firm prices News of the result of last week's hides sale in London which maintained values unchanged, despite poor demand and very poor clearance of the offering has helped to impart some strength to the local market. Business with London is out of the question at the moment, as Madras prices are considered too high. But when the present stocks in the Home market are liquidated we can look for an improvement in demand and prices from that quarter. The July trade returns for Madras indicate the value of Tanned Hides exported in that month as Rs. 22 lakhs only, or a reduction of 39 per cent of the value of the exports during the corresponding period in 1928. This smaller figure is accounted for by a poorer demand from the consuming markets and smaller production at the

tanneries. Tanned Buff Hides are quoted at as. 10-6 to as. 11-3 per lb. and European shippers are keenly competing for the available supplies which find a ready sale. Tanned Buft Calf is a less active market, owing mainly to the poor assortment of the goods offering, and the high prices ruling which prohibit business. There has been a better feeling in the Tanned Cow Calf section than has been the case for weeks, and some inquiry is filtering through from the other side. The market for Goat and Sheep is quiet, pending the progress of the next series opening in London to morrow Tanned Goat Skins with a value of Rs. 24.17 lakhs were exported from Madras in July 1929, showing an increase of 25 per cent. over the figures returned for July 1928. This increase represents a larger production of this leather and bigger shipments

The Times of India

Kernal charters—Agreements to hire ships for carrying groundnut kernels.

21. Ahmedabad Markets

Ahmedabad, August 24, 1929

For the last two weeks there has been a cry for rain in all parts of Gujerat There was no demand for cloth and most of the mills were compelled to store up their products. During this week there has been good rain, but the cloth market registers no improvement. One reason assigned is that when the Bombay mills resumed work they began selling at reduced rates, and this had a very bad effect on Ahmedabad products A demand does exist, but that demand is very low in comparison with rates in the Bombay markets and hence the local mills are averse to selling at such reduced rates In some instances when demands were made in larger quantities the mills reduced rates The National and Silver Cotton Mills sold 150 bales of heavy takkas at Rs. 6-9-3.

At present there is some demand from the Punjab. On account of the Indus floods, however, the Sind market is very dull The markets of Delhi, Cawnpore and the U. P. are likewise dull. Whatever demand exists is in connection with heavy and middle quality takkas A few other mills besides the National and the Silver Mills have sold such takkas by reducing their rates There is no demand for dhoti, sushi, or sheets at present, but it is expected a fortnight hence after the Jain holidays of the Parynsan during which period the market remains practically closed

The yarn market.—The prices in the yarn market have remained steady as there is no stock and the miscellaneous demand continues. Otherwise there is no up country demand at all. The spinning mills appear to be making better profits than the weaving mills.

The cotton market —The cotton market that rose from Rs. 380 to Rs 352 for Broach April and May settlement has again dropped down to Rs 341 It is expected that it will again go further down to Rs 330 and there remain steady, till the merchants get some idea of the future crops. The Kampala cotton market stands at about Rs. 470 per candy.

Gold & silver markets —At present there are good stocks in these markets and there are reports that fresh shipments are shortly expected both of silver and gold. In consequence, and because also there exists no appreciable demand, prices are expected to go down. At present the following prices per tola of gold prevail :—National Rs 21-13. Mint Rs. 21 7 6. Tejab Rs. 21-6 For Bhadarva and Aaso settlements the prices are Rs. 21 6-6 and Rs. 21-7 respectively, from which it would appear that after a little lull the prices will again rise at the time of the Diwali festival The present prices for 100 tolas

of silver are :—China Rs. 56 4 and Country Rs. 55. The two next settlements are at Rs. 55-10 and Rs. 55-12 respectively.

The share bazaar.—This market shows many signs of progress It is difficult to say whether the prices of share depend solely upon the satisfactory working of the mills or upon the whim of the speculators. For instance the shares of the Madhubhai Mills have risen considerably and are rising every day. The prices of Calico shares have likewise risen. Both these shares at present stand at Rs 351-14 and Rs 386 14, respectively. The prices of several other mill shares have risen, but they are insignificant in comparison

The sugar market.—Owing to the monsoon there is little demand for sugar and the prices of some of the qualities have consequently fallen At present the following prices prevail —Java ready Rs 5-0 6; Java red Rs 4 11-3; Buru Rs 5 per maund. The prices for Sakar, Ahmedabadi, Bhavanagari, Jamnagari, Cawnpore Press, Behari and Benaresi are per maund Rs 5-6, Rs 5 15, Rs. 5 11, Rs 6-2, Rs. 6 2 and Rs 8-12 respectively. The prices are expected to rise a little on account of the Jain and the Diwali holidays.

Wheat and seeds.—There is a good demand in the wheat and seeds market, especially for cotton and castor seeds. The price for Aaso settlement of castor seeds is Rs. 3-10 and for cotton seeds for the same settlement Rs. 1 10 3. The price for wheat for Jeth settlement is Rs. 2 13-6.

The Times of India

22. Karachi Markets.

Karachi, August 26, 1929.

Wheat.—Our wheat market during the period under review was unsettled, but on the whole the trend was down-

wards. The week commenced with the September settlement quoted at Rs 42-2, and the October settlement at Rs. 43 2 per candy. The market at the outset was very firm, but subsequently reports of rain in the Punjab and weaker overseas advices encouraged a bearish feeling. Prices declined to the extent of a rupee per candy until Thursday, *when some profit taking helped to steady the market* A reaction of about four annas followed, but this was not maintained. Owing to more offerings on the part of sellers the market again turned easier and closed on Saturday with a net loss of rupee one and a half per candy.

The week's feature was the publication of various annual estimates concerning the international statistical position for the new season which commenced on August 1. Mr. George Broomhall of Liverpool, an eminent authority on the world's wheat trade, computes the world's exportable surplus at 107,000,000 quarters, and importers' requirements at 93,000,000 quarters, thus leaving net surplus of 14,000,000 quarters. These estimates are merely tentative, and compare with the past five years as follows :—

Season	Exportable Surplus ('000 qrs.)	Importers' Requirements ('000 qrs.)	Margin Surplus. ('000 qrs)
1929-30	107,009	93,000	14,000
1928 29	138,000	103,000	35,000
1927-28	106,500	93,500	13,000
1926-27	103,200	101,350	1,850
1925 26	84,580	84,110	470
1924-25	96,120	95,610	510

Two points which emerge from a study of the above table are firstly there is considerable reduction in the world's available surplus this year, but a corresponding reduction in the importers' requirement too. The net margin surplus is, however, above normal, and to a large extent corresponds

with that of the season 1927-28, when the average price in Liverpool worked out at $127\frac{1}{2}$ pence per cental. At present prices in Liverpool stand at 120*d*

Trading on our market over the past six days was on a very poor scale. On the spot market demand was purely on local account, and the "futures" section was marked by tired longs liquidating their accounts Up-country arrivals were on a scale of about 16,000/18,000 bags per day, and the week's exports amounted to 1,290 tons. Of these 500 tons were for Hull and the balance for Bombay.

Oversea markets were weak during the earlier part of the week, owing to poor demand and increased pressure of American new crop movement Prices declined by 2 to 3 shillings per quarter in London, and by about 10 cents per bushel in America, but at the close of the week a somewhat better tone prevailed.

Prices current on our market at the week's close were as follows, compared with those of a year ago :—

			Week's close.			Year ago		
			Rs	a	p	Rs	a	p
White ready	...	...	40	8	0	37	12	0
September	..	...	40	12	0	38	6	0
October	...	...	41	12	0	39	6	0
Bombay Sept	...	...	7	10	3	7	2	3
Lyallpur	...	...	4	7	0	4	9	6
Chicago Dec.	...		$141\frac{3}{8}$c			115c		

Parity Values.—Foreign. On the week's average rate of Rs 49 8 per candy, on the basis of 1/5 13/6 exchange and 21/sh. freight, the oversea parity works out to be approximately 54/7sh per quarter of 480 lbs. c i f. London. Bombay : Rs 40 8-0 per candy gives on Bombay parity of roughly Rs 7-10-6 per cwt. c.i f. Bombay Punjab : Rs. 4-7-0 per maund, the average rate obtaining

over the Punjab Colonies, gives an equivalent of about Rs 41-8-0 per candy, F. O. R. Karachi.

Sugar.—Our sugar market during the past week ruled dull, and prices closed about an anna per cwt lower There was practically no demand with the importing firms, although Java's c.i.f. quotations for Karachi during the commencement of the week were lowered by $\frac{3}{4}d$ per cwt Owing to the weather the up country demand from that side also fell considerably, and the daily off-take averaged some 6,000 bags. Two steamers carrying 1,10,000 bags arrived from Java during the week, and inclusive of these, stocks on Saturday were estimated to be approximately 2,00,000 bags

The first all-India sugar acreage report was issued on Thursday The total area planted to sugar-cane this year was returned at 24,86,000 acres compared with 26,47,000 acres a year ago, or a decrease of 1,76,000 acres The decrease has been accounted principally by the Punjab and the United Provinces, and has been attributed to the unfavourable weather conditions and to low prices ruling at the time of sowings. The present area is the smallest since 1921

Prices current on our market this morning were as follows, compared with those of a year ago :—

	This morning			Year ago.		
	Rs	a	p	Rs.	a	p.
White Java ready ...	... 12	4	0	13	1	0
Aug Sept shipment	... 12	5	0	13	2	0
Oct-Dec shipment	... 12	7	3	13	4	0

Cotton.—We had a very quiet week on our cotton market, as on balance very little alteration in the price-level took place. The undertone, however, was anything but firm, being encouraged by bullish Sind and American crop

advices. The week's oversea cables complain that owing to the continued drought in the south-west and insect damage in the eastern and central belts the American crop was suffering a heavy setback, and that the condition of the crop was below the ten years' average. In the Texas State, which contributes more than one-third towards the total production, the outturn was officially estimated to be 4,356,000 bales, as against 5,150,000 bales last year.

The first all-India official forecast was published on Thursday. The area sown this season was estimated at 15,885,000 acres compared with 15,201,000 acres last year, or an increase of 5 per cent. This improvement has been accounted by the Central and the United Provinces and the Punjab which jointly show an increase of over six lakhs of acres over last year's

Demand from abroad on the local spot market was on very narrow lines, and the week's purchases by exporters amounted to 5,400 bales Of these European firms purchased 3,300 bales and the balance was taken up by Japanese and native shippers Arrivals from up-country were meagre, and exports for the week ended August 19, amounted to 16,213 bales; 5,300 bales were destined for Japan, 680 bales for Bombay and the balance for the European ports. Unsold stocks in the dealers' hands at the week-end were estimated to be about 82,000 bales.

Prices current this morning as compared with those of the last year, were as follows :—

		This morning	Last year.
		Rs.	Rs.
Sind ready	...	24 to 25-8	28 to 30
January delivery	...	28-12 0	32-6 0

Freight —Freight rates on our market during the past week remained unchanged, and there was very little demand in evidence from exporters owing to dull condition in the

produce markets. Quotations current over the week for English and German ports were as follows :—

For 13 cwts, 15/6 to 16/6sh, Sept-Oct
14/15 cwts., 16/9 to 17/9sh, Sept Oct
17/18 cwts, 19 to 20 sh, Sept.-Oct
19/20 cwts., 21/6 to 22/6sh, Sept.-Oct
For 40 C'ft (Wool) 30sh Sept.
For Tanned Hides, 35 to 37/6sh Sept
For Salted Hides, 30 to 32sh, Sept

The Times of India.

23. Cawnpore Markets.

Cawnpore, September 21, 1929.

The Sugar market is lying low, supply and demand are both disheartening All hopes were on Java but this too does not keep pace with the present market condition

Grains on the other hand are particularly active Brisk business is being registered Every dealer who has a large store of grains purchased months ago is making handsome profit.

Hide market is keeping steady The weakness is still apparent. Madrasi and foreign shippers are slow to purchase Khari salt hides Some fall is therefore expected in this commodity. Local tanners keep good business. The tendency is weak.

The following were the closing quotations :—

Sugar—Java Crystal, Rs 13-14, Gutaiya Special, Rs. 10 6 6; Unao Special, Rs 10-6, Cawnpore Special, Rs 10-5 6, Lucknow Special, Rs. 10-6; Sarju Crushed, No. I, Rs 10 4, Pachrukhi Crushed, No I Rs 10-4; Pachrukhi Crushed No II, Rs 9-15, Riam Crushed Rs. 10-4, Samastipur Crushed No II, Rs. 10.

All the above prices are for ready quality and per maund of 40 seers, except in the case of "Java" quality

which is per one maund and $8\frac{1}{2}$ seers Excepting first four qualities which are for Cawnpore delivery, the rest are for delivery at the mills.

Grains—Wheat (Punjab), 6 seers 4 chs.; Wheat (Desh), 6 seers 12 chs, Barley (Punjab), 8 seers 2 chs; Barley (Desh) 8 seers 12 chs, Gram (Jamnapar), 7 seers 8 chs.; Gram (Desh), 7 seers 12 chs., Arhar Peas, 8 seers 2 chs.; Urd Peas (Desh) 4 seers 8 chs., Urd Peas (Pachham), 5 seers; Urd Peas (Bengal), 6 seers 8 chs; Urd Peas (South Bilaspur side), 7 seers; Moong Peas, 6 seers to 7 seers; Dhan (superior), 10 seers 8 chs; Dhan (inferior), 11 seers 8 chs

All the above prices are per one rupee each.

Hides and skins—Wet salted cow hides, table salt, 1 lb 12 ozs. per rupee; Wet salted cow hides, khari salt (Pachham), Rs 180 to Rs 200, per 20 pieces, Wet salted cow hides, khari salt (Purab), Rs 140 to Rs 160 per 20 pieces; Wet salted cow calf hides, khari salt, Rs 60 to Rs. 70 per 20 pieces; Wet salted buffalo hides, table salt, 3 lbs 4 ozs per rupee; Wet salted buffalo hides, khari salt (Pachham), 3 lbs. per rupee; Wet salted buffalo hides, khari salt (Purab), 3 lbs. 8 ozs. per rupee; Wet salted buffalo calf hides, 3 lbs per rupee; Goat skins (Oudh), Rs. 170 to Rs 190 per 100 pieces; Goat skins (Desh), Rs. 170 to Rs 190 per 100 pieces; Sheep skins, Rs 70 to Rs 100 per 100 pieces.

The Pioneer.

CHAPTER XII.

EXERCISES.

(1)

Bombay, July 19, 1929

Conditions in the gold market were unchanged from last week and the price of ready was stationary at Rs 21 7 per tola The off take stands at about 10,000 tolas a day and stocks on hand amount to some 1 lakh tolas *Sovereigns have declined to Rs. 13 8 for ready and August 19 settlement*

In London the price of gold declined to 84s 11¾d but closed at 84s. 11½d. In our market the highest and lowest rates were Rs. 21-7 and Rs 21 6-9 for ready and July 22 settlement and Rs. 21 7 3 and Rs 21 7 for August 21 settlement The incoming mail is expected to bring £20,000 gold. Inclusive of these arrivals and exclusive of the present week's shipment the total *visible supply* from London to India is about £72,000. The total imports during the week amounted to Rs 7,24,347 in bar and coin This week's shipment from London is expected to be £15,000

Silver — With bull operators manoeuvring for a corner for the July settlement and the Sino Russian trouble brewing, the tone of silver in the local market has remained firm during the week The price of ready rose steadily from Rs. 55-9 to Rs 56-12, *resulting in an increase in the premium for July over August to as much as Re 1 per 100 tolas Towards the close however with bulls unloading the premium narrowed to about 4 annas.* America and China banks have been inclined to sell but only small business is

reported The off-take is falling and averages 85 bars a day, while stocks on hand are unchanged at 1,800 bars

In Shanghai *the rate for T. T. on London* improved during the mid week from *2s* $4\frac{1}{2}d$ to *2s* $4\frac{13}{16}d$, followed by a decline to *2s.* $4\frac{9}{16}d$. but rose sharply to *2s* $4\frac{13}{16}d$. at the close The highest and lowest rates in London were $24\frac{1}{2}d$ and $24\frac{7}{16}d$. for ready and $24\frac{9}{16}d$ and $24\frac{3}{16}d$ for forward. In our market the highest and lowest were Rs. 56-12 and Rs 55-10 for ready, Rs 56 12 and Rs 55 11 for July 26 settlement and Rs 56 2 and Rs 55·7 for August 26 settlement

The incoming mail is expected to bring £25,000 silver Inclusive of these arrivals and exclusive of the present week s shipment the total visible supply from London to India is about £160,000 The total imports during the week were 488 bars and Rs. 71,794 in coin

To day's trade return of the Bombay Chamber of Commerce shows an export of 652 ingots of silver bullion valued at Rs 913 lakhs on Government account to England There is no shipment of silver this week from London

The Times of India.

1. Explain the italicised phrases and write a precis of the above report

2 What were the causes of the local silver market being firm during the week ?

(2)

Calcutta, February 13, 1929

There have been no developments of interest during the past week, which most dealers have found to be depressingly dull *Marwari dealers and Bengali buyers having failed to come to a settlement in the matter of*

credits, each are waiting for the other side to make a fresh move towards a reconciliation, and the result is that *dead-lock* continues *Marwari dealers have shown a disposition to relax to a certain extent*, but evidently not still to the satisfaction of their Bengali friends Stocks of Dhooties are therefore accumulating and requests for extensions have been the order of the day while this dispute has lasted Cable advices from Manchester report small purchases of Dhooties for March shipment, but otherwise business has been disappointing Buying for April May is prohibited, *but shippers with the means to finance may accept orders from Calcutta for June-July* and hold over shipment to the two latter months with a view to obtaining cheaper prices as it may be to the advantage of the mills to make a sacrifice in price rather than to close down during *the banned months of April and May.* Dealers have speculated on the rioting in Bombay leading to more buying being done in this market, but there have been no visible signs during the week that their expectations will be realised Relief must come, and probably in the near future, as such depressed conditions as have now been experienced for a prolonged period are not expected to last much longer *The Whites Section* which has been slightly better during the week *is perhaps giving the lead to brighter conditions in the other sections as well* Rioting in Bombay has meant another closing down of all the mills, but it is common knowledge that stocks are heavy so that local dealers have not been able to make this the excuse of clearing their holdings at better prices

Dealers in woollen goods are reported to be very discouraged at the poor off take during the season just passed, *resulting in a carry over of stocks to next season* They are consequently acting very judiciously in making purchases for their next season's requirements ; in fact, very little business up to the present, except perhaps

in rugs, has been done. Manchester mail advices indicate *that serious attempts are being made to stabilise the position at that end* The formation of the Lancashire Textile Corporation and another company controlling about 7,000,000 spindles points to that objective being achieved A feature of interest has been the expansion of demand for China, and at recent auctions very satisfactory sales are reported There has been a keen demand for Greys and Whites, and prices have shown an improvement This outlet will, it is confidently expected, keep the Mills more busy and compensate for the very poor business that is being offered by the Indian markets *Cloth offers also still rule low but, while negotiations are often protracted, there is more disposition on the part of buyers to negotiate, and in some directions the outlook is decidedly healthy* The position of Lancashire manufacturers in many cases is improving, and advanced prices have had to be paid, *but buyers still are hesitant and hopeful of concessions*, which do not seem likely to materialise *India has been rather a patchy market* Difficulties in regard to delivery, combined with *low bids*, have made progress slow, and compared with a week ago the turnover has been disappointing A feature of the dhootie trade is that goods which normally go to Calcutta are, *owing to the embargo on April-May delivery*, now being booked for Cawnpore, and also to Bombay Another feature of the Indian business is the increased interest in *fancy styles*. In the Indian bazaars, it is stated, bright coloured fancies are in increased request, and it is evident that it is in this direction that future development will doubtless proceed.

The Commerce.

1 Explain the phrases in italics

2 What do you understand by the term ' Piece-goods' ?

3 Write a note on " The effect of a bad monsoon on the piece-goods markets in India "

(3)

Deliveries of *white varieties* are being maintained, though on a smaller scale than during the past few weeks. Retail rates are about $1\frac{1}{2}$ per cent down and consequently importers holding stocks are having difficulty in making sales at remunerative prices *Some fresh forward business has been completed in standard marks of white shirtings at As. 4 to As 6 per piece less than bookings arranged at the beginning of the year*, while two well known importers have sold 42 and 52" Mulls for November-December-January shipments at about $7\frac{1}{2}$ per cent lower than the rates *at which they issued contracts for June-July shipments.* Business is being offered by the bazaar in fair quantities generally at about 5 to 6 per cent below last purchases for white twills, mulls, etc, *but little has been brought to book as it is difficult to find shippers who are prepared to sell on this basis*

Printed styles are not commanding any great amount of attention at the moment though standard lines of chocolate jeans are under offer, but as yet no purchases are reported. Despite the fact that actual differences standing in the way of *placements* are only $1\frac{1}{2}$ to 2 per cent much negotiation would appear to be necessary as both buyers and sellers are equally firm

Printed sarries are dull, rates ruling are nominally steady though sales have been completed at slightly easier prices Stocks of certain dimensions of Benarsi styles are comparatively small and some increase in rates is anticipated. *White ground and fancy prints are not sought and useful concessions could probably be obtained as stocks of ready goods are available*

Woollen goods are now arriving for the cold weather season and although no noteworthy sales of blankets, rugs and shawls are yet reported, contracts have been issued for

miscellaneous lots of Bradford and Continental styles including suitings, meltons, etc., at prices which show some margin to importers

Fancy goods, generally, are dull and *clearances from jetties and godowns leave much to be desired.* At the same time bazaar rates are not very encouraging to dealers. Some revival in these styles is looked for almost immediately, but indications of any real increase in demand are difficult to find

The yarn market is steady, rates generally being something below spinners' demands Actually, Home requirements are a trifle easier on the whole, although there would appear to be certain irregularities in prices

The Statesman.

1. Rewrite the italicised words and phrases in your own words

2 Name the intermediaries through whom the cotton piece-goods manufactured in Lancashire usually pass, before they reach the Indian villager

3 Make a precis of the above extract.

(4)

Karachi, 25th Sept, 1929.

In sympathy with America, the Bombay market also fluctuated within a very narrow range Progress of the crop is reported to be satisfactory in most places, *effect of which is being felt by the increasing hedge selling*, especially in Bengals, *resulting in widening of parity between this contract and Broach.* In the *ready market* there was a moderate demand. The stock now stands reduced to below 7½ lakhs bales.

Our market ruled easier during the week with little business passing *Special feature of the week was the opening of trading in the Punjab Fine contract* Business in January was done at a discount of about Rs 2-4 to Rs 2-6

per md, on Sind January *Punjab November was quoted at a premium of about as. 8 per md over January*, but because of the preponderance of sellers owing to movement of the new crop in the U. P., *the premium gradually melted away in the absence of buyers*, and November can now be purchased at about the same price as January, but buyers are scarce to find In the ready market there was but a small business reported In the latter part of the week a brisk demand for the Punjab yellow cotton has developed *which absorbed most of the stock in the Thole Yard around Rs. 10-0 per md* and the demand still continues There is now remaining for sale some stock of Sind yellow for which no demand is at present visible at the prices asked by the sellers, but should they see their way to make some concession to buyers, as was done by the Punjab dealers, it may stimulate demand

The Times of India.

1 Explain the parts in italics
2 What is a hedge contract?
3 Name half a dozen well known varieties of Indian Cotton

(5)

Karachi, August 19, 1929.

Since the despatch of the last report price on the wheat market fluctuated very widely *The week commenced with the September settlement quoted at Rs 40 15*, and the October settlement at Rs 41-14 0 per candy Reports of rains in Argentine and Australia and small buying interest, at the outset, caused an easier feeling and a decline of about six annas. On Tuesday the market suddenly strengthened *on strong upcountry advices*, and stimulated by an active demand from Calcutta, prices advanced to the extent of about a rupee per candy *Short selling on the part of European firms and profit taking caused a setback of a few annas during mid week.* The market subsequently steadied

and advanced by about a rupee per candy as a result of bullish overseas advices The tone at the close on Saturday was very firm and advancing

The firmness in prices *during the week-end* was due to reports of insufficient rain in Argentine and Australia, and disappointing results of the threshing of American and Canadian crops Earlier cables reported some rainfall in Argentine and Australia, but it was not widespread enough to give sufficient relief to the growing crops which for a long time have been suffering from drought *The net result of the harvesting of these two crops will have a considerable bearing on wheat prices during the next two months*

Recent cables regarding the North-American crops state *that threshing results are not turning out according to expectations* It is now feared that the American crop will perhaps fall short of the 724 million bushels officially estimated last week As regards the Canadian crop, the averages of the private August estimates indicate a total crop of approximately 270 to 275 million bushels, compared with 563 million bushels harvested last year.

Government's final forecast for all India issued during the week, estimated the total outturn at 85,07,000 tons on an area of 3,20,00,000 acres, compared with 77,62,000 tons on an area of 3,22 11,000 acres last year

Trading on our market during the past week was on a moderate scale *On the spot market* about 350 tons were purchased by Calcutta shippers, but European firms were quiet and *sold "short" some 1,100 tons in the October-November positions* Arrivals from places upcountry were large and averaged 20,000 bags per day The week's exports were 650 tons to Hull and 2,205 tons to Bombay. Overseas markets during the earlier part of the week were weak due to reports of rain in Argentine and Australia and poor demand

The Times of India

1. Explain the phrases in italics
2. Name the principal wheat markets in India

(6)

After the successful conclusion of the October settlement, without any further failures, or even any definite rumours, *Hessian and Gunny Markets recovered somewhat sharply from the low levels to which the combined effects of increased production, decreased demand, and fears of further difficulties in the Bazaar had depressed them.*

During the week under review Hessians were between Rs. 12-9-0 basis for Ready 9 Porters to Rs 12-14-0 and closed rather *on the quiet side* at Rs 12 10

Heavy Goods maintained a very steady tone throughout the week, *but closed rather quieter* There was a noticeably better enquiry, mainly for Heavy C's and B. Twills, which were done up to Rs 37-4-0 for 'Striped' Ready shipment and Rs 34 4 0 for November "Cubans" fetched Rs 45 Ready and Liverpools were done at Rs 38-4 0 for January-March

The little shipment business completed was mainly in Heavy Goods and *Hessian business was chiefly of a speculative and covering nature*

Jute was dull and inactive *Loose* Jute accounted for some business on the basis of Rs 9-8 0 and Rs 8 4-0 for Fours and Rejections, but Baled Jute was neglected, only a small business being reported in "Firsts" and "Lightning" at Rs 55 8-0 and Rs 49-8 0.

The Piece-Goods Market showed no signs of improvement during the week and the market generally was depressed and stagnant, *with dealers disinclined to consider replacement business of any sort* The weakness of the raw material, coupled with boycott propaganda, and poor demand from consuming markets is hindering business, which looks like marking time for some time to come

At the Tea Sale this week, a better demand was noticeable for the 42,000 packages offered and with quality of a very fair standard—and showing improvement in some cases—*the prices fetched were mainly in sellers' favour*

The Pioneer.

1 Explain the italicised parts and write a precis of the passage

2 To what causes can the dullness in the piece-goods market be attributed ?

(7)

Manchester, July 26, 1929.

All other matters in trade circles have been overshadowed by the wages crisis. During the whole week joint conferences have been held between the employers and the operatives in attempting to find a settlement to the employers' proposal that wages should be reduced by $12\frac{1}{2}$ per cent. At the time of writing it is impossible to say whether or not a settlement will be arrived at, but the discussions are continuing *The issue has been complicated by the decision of the Government to appoint a Committee of Inquiry into the trade position* It is expected that the findings of this Committee will be made public in about three months time

There is evidence for believing that a considerable amount of trade has been lost to Lancashire during the past month as a result of the uncertainty which has existed with regard to wages *In most directions there has been a disposition to look on*

There have been rumours of a big company being formed to carry on bleaching, printing and dyeing It has not been possible to confirm the rumour, however, that the capital is to be £5,000,000 It is well-known *that the combines in the finishing industry are meeting with increased competition from outside firms* and larger quantities of

goods are being sent out of Lancashire to be bleached and dyed.

During the past fortnight there has been a tendency for cloth demand to be reduced and numerous buyers and sellers have given up all hope of any trade expansion until the wages question is settled. *Very few bids have been met with from India*, the sales consisting of *small lines* to meet urgent requirements Auction news from China has not been satisfactory and owing to a reduction in clearances and easier prices for staple goods, the outlook is far from bright In a quiet way, however, some fair sales have taken place in dyed goods No development can be recorded in the off-take for the several minor outlets, East and West *Manufacturers as a body are more lightly sold than for a long time back*

The yarn market, of course, has been affected by the wages position In certain quarters there has been freer buying and more requests for bigger deliveries. *It is anticipated that if a lockout takes place there will be more looms running than spindles* Some sellers have recently met with an increased inquiry from the Continent and there has been a rather better demand for *stock lots*. Probably *on the whole supplies in first hands are smaller than a few weeks ago* Irregular operations have occurred in Egyptian numbers.

The Pioneer.

1 Explain the italicised parts in the above passage

2. What is the difference between a strike and a lock-out ?

3 How does a strike in Lancashire affect the Indian Cotton Mill industry ?

(8)

Stagnant conditions have ruled in all markets throughout the week and *business has lacked any form of animation or interest* In the case of jute and *jute fabrics*—it may be

said that *the markets are taking a breather after the anxious spell experienced at the end of April settlement in Hessians and Gunnies* In the Loose Jute Market Mills have shown no anxiety to do business and although at the close sellers were rather more reserved and were asking about 4 annas higher, *buyers continued apathetic* and a minimum of business was completed. Baled Jute has also been a very dull market, with Ready Firsts* quoted at Rs 62 In the case of both of these markets little business can be expected *until the condition and probable outturn of the New Crop can be more definitely guaged.* From now on, however, crop reports will begin to leave a marked influence on price movements and the usual scares of excessive rain, or lack of steeping water -or damage to crops from all and sundry causes or *rumours of 16 annas crops* in all districts will be freely circulated—*culminating finally in the Official Acreage Forecast and Crop Forecast*; neither of which the market trusts nor believes, but without which no Jute season could possibly carry on

The Hessian and Gunny markets have ruled very steady througbout the week, but there has been little actual business and *rates have been kept up on nothing more substantial than relief that there were no failures at the last monthly settlement*. The state of the market can be guaged from the following extracts from market reports

"The market opened weak at 4 to 6 annas under Saturday's close, but steadied on sellers showing some reserve Little business is reported"

"The market ruled steady to day but there was no business showing"

"The market ruled firm to-day, but there was no business as the bazaar was closed."

On balance there was a rise of about 4 annas in Hessians which closed on the basis of Rs. 14 8-0 for ready 9 Porters; while "B" Twills at Rs. 38-4 0 for ready show a rise of about 12 annas. *Consuming markets have not followed this fictitious steadiness and being comfortably bought can afford to await temporary breaks in prices due to local speculative scares* The bazaar would appear to be losing its control and having put off one evil day, at the last monthly settlement, *is hoping to lure in consumers by artificial steadiness*, but it is doubtful whether any genuine business will be put through *until prices are allowed to adjust themselves to the genuine pull of demand and supply from consumers and producers.*

The Pioneer.

1 Explain the portions in italics
2 How do crop reports affect the jute market ?
3. Write a note on "Speculation . its good and evil."

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